

# FINANCIAL TIMES

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Schwarzheide: a town in transition

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Misgivings finally emerge in France

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Complexity theory

Can 'self-organisation' deliver the goods?

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FT WEEKEND

The Gulag Grand Tour

TOMORROW

World Business Newspaper <http://www.FT.com>

FRIDAY AUGUST 22 1997

## BICC cuts output in Europe to counter losses

UK cable and construction company BICC is merging most of its German cable operations with those of Dutch group NKF to counter industry overcapacity and falling prices which have driven both businesses into losses. The new company, Kaiser Kwo Kabel, will employ half the current workforce of 1,900 and will close production facilities in Nuremberg and Oberpfalz. BICC last week reported a 13 per cent drop in profits due to difficulties with its European cable businesses. Page 17; Lex, Page 16

**US acts against NEC and Fujitsu** The US announced crippling anti-dumping duties on supercomputers made by Japanese companies NEC and Fujitsu. Page 6; Fujitsu lawsuit dropped, Page 17

**Paris to ban 'dirty' cars** Only "clean" cars will be allowed in French city centres during pollution alerts from next year, the government said. Smog reached new peaks in Paris and other French cities. Page 2

**ABN Amro looks again at CIC** The Netherlands' largest banking group, ABN Amro, ruled out rumoured takeover candidates but said it was willing to look at CIC, the French regional bank. Page 17; Lex, Page 16

**Reformist minister sacked in Ukraine** Ukraine's progressive justice minister was sacked in a sign of flagging government support for democratic and market reforms. Page 2

**Israel accuses Arafat** The Israeli government accused Palestinian leader Yasser Arafat of being "two-faced" in his attitude towards combating terrorism. Page 3

**South Korea to stop won's slide** South Korea's currency stabilised after the central bank said it would intervene to stop a recent fall caused by worries over a liquidity shortage and a threatened foreign credit downgrade for main banks. Page 6

**Lawyer attacks Singapore PM** British lawyer George Gorman accused Singapore prime minister Goh Chok Tong of being "economical with the truth" while testifying in a defamation suit against the city-state's leading opposition politician. Page 5

**Japanese bank plans euroyen issues** Japanese bank Hokkaido Tokai Bank plans to turn ¥150bn (\$1.3bn) worth of property-related loans into euroyen bonds to be sold to international investors in London. Page 17

**Taiwan seeks better China relations** Taiwan's premier-designate, Vincent Siew, of the ruling Nationalist party, pledged to improve the island's relations with China. Page 5

**Old Mutual plans conversion** Old Mutual, South Africa's biggest life insurer and financial services group, said it would convert from a mutual society to a stock market-listed company. Page 17

**Credit Lyonnais films on sales** Hundreds of films once owned by troubled French banking group Credit Lyonnais, including *The Graduate*, *Platoon* and *When Harry Met Sally*, have been put up for sale. Page 16

**England collapses Australia** Australia were 77 for 2 at the end of the first day in the sixth and final cricket test at the Foster Oval, London, after bowling England out for 180. Australia are 3-1 up in the series.

**Pope stirs controversy on French visit**



The Pope, in France for four days on a "grand journey" to revive religion among young people, returned during a visit to Human Rights Square, by the Eiffel Tower in Paris. The Pope has stirred criticism for a plan to pray today at the grave of his friend Jerome Lejeune, a genetics professor and hero to anti-abortion groups.

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STOCK MARKET INDICES	
New York: Dow Jones Ind. Av.	7,945.28 (-75.93)
NASDAQ Composite	1,619.08 (-9.92)
Europe and Far East	
CAC40	2,857.23 (-22.04)
DAX	4,753.57 (-30.24)
FTSE 100	4,978.0 (-18.0)
Nikkei	16,167.12 (-95.11)
US LUNCHTIME RATES	
Federal Funds	5 1/2%
3-mth Treasury Bill	5.245%
Long Bond	97 1/2
Yield	6.95%
OTHER RATES	
UK 3-mth Interbank	7.2%
UK 10 yr Govt	10.1%
France 10 yr OAT	10.0%
Germany 10 yr Bund	10.2%
Japan 10 yr JGB	10.5%
NORTH SEA OIL (August)	
Brent Dated	\$18.235 (-15.77)
WTI	18.232 (-15.77)
GOLD	
New York: COMEX	\$323.2 (321.3)
London: close	\$323.25 (322.25)
DOLLAR	
New York: Dated	1.5288
DM	1.5288
FF	1.5175
SFR	1.5193
Y	117.405
London: Dated	1.5288
DM	1.5288
FF	1.5175
SFR	1.5193
Y	117.405
Telco close	¥117.8

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## MCI may accept price cut

### US group may agree new terms to rescue BT merger

By Clay Harris and Alan Cane in London and Tracy Corrigan in New York

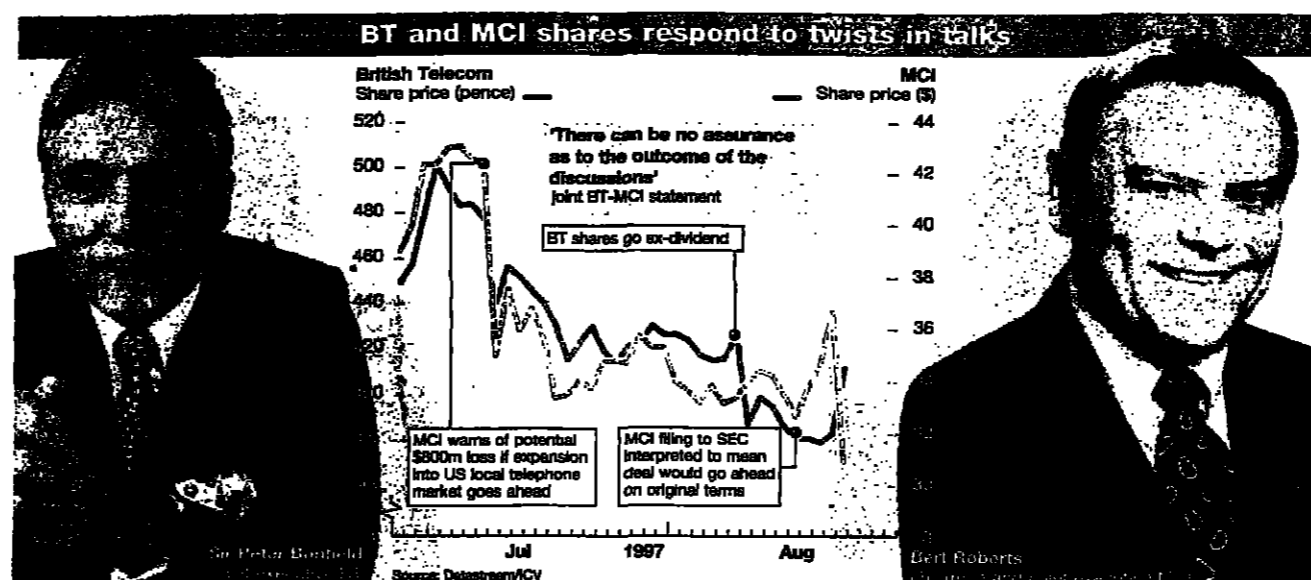
MCI Communications is believed to be ready to accept a price cut of 5 to 10 per cent to save its proposed merger with British Telecommunications, after the future of the deal was thrown into doubt by the companies.

Some US analysts said yesterday that MCI might have to swallow an even larger price reduction.

BT's board was meeting yesterday after the companies surprised stock markets by revealing that they were discussing the "economic terms" of the merger agreement in the wake of a joint management review of their prospects.

They added: "There can be no assurance as to the outcome of the discussions."

The news, released at 11.15pm New York time on Wednesday, sent the companies' shares in opposite directions yesterday. BT's price soared by 29p to 412 1/2p. The 7.6



per cent rise was its largest one-day jump since 1987.

By contrast, MCI had slid nearly 14 per cent, by \$5 1/2 to \$31 1/2, by early afternoon.

Some analysts thought MCI was minded to reject any pro-

posed price cut exceeding 15 per cent, although its negotiating position had been seriously weakened because the review had undermined confidence and raised doubts about its core long-distance business.

A US-based BT shareholder said he believed the UK com-

pany now understood how much the value of MCI had been eroded. A 10 per cent change in the value of the deal would not be enough, he argued. "I would not settle for less than 25 per cent."

Dan Reingold, US telecoms analyst at Merrill Lynch, predicted a cut of 15 to 25 per cent. He said: "If BT walked away from it entirely, some people argue that they would look foolish. I think they'd look brilliant."

But he thought the deal had a 90 per cent chance of surviving. In London, an institutional investor in BT said: "We appear to be edging a bit closer to the resolution that shareholders in the UK wanted to

put out the flags." He said a cut of 10 per cent was "a good number for both sides" to reach a swift conclusion although it should be larger.

Several analysts and investors suggested BT might aim to cut the offer without subjecting it to another vote of its restive shareholders. One means would be to pay another special dividend before proceeding.

The Federal Communications Commission yesterday approved the deal. The clearance had been expected.

Wednesday's statement took investors by surprise because MCI had failed to signal any doubts in a filing last week.

## Thailand admits debt of \$23.4bn

By Ted Bardack in Bangkok and Leslie Crawford in Washington

Thailand's central bank said yesterday it had obligations of \$23.4bn, equal to about three-quarters of its foreign reserve holdings, due for payment over the next 12 months.

The bank's admission is the strongest indication yet of the severity of the country's currency crisis.

The bank said it had \$14.8bn in offshore obligations, consisting of forward currency contracts used to defend the baht before it was floated on July 2, precipitating currency instability throughout the region. Some of these contracts could be rolled over but at a high price. The remaining \$8.6bn were onshore obligations. The bank said these were normally rolled over and would not adversely affect the international reserve position.

The Thai central bank is trying to be more financially transparent after a \$16.7bn International Monetary Fund

\$3.3bn standby bridging loan facility for Thailand put together by the Bank for International Settlements was assembled at the request of Japan with strong backing from the US, European central banks said. The aim was to demonstrate strong international consensus behind the rescue effort for the Thai economy and that country's adjustment programme agreed with the International Monetary Fund. Page 5

rescue plan was formally announced this week.

In Washington, Michel Camdessus, director-general of the IMF, said he was encouraged by the bank's decision to be more open. He said it would strengthen the bank's credibility internally and externally.

Mr Camdessus praised the speed with which Asian countries, led by Japan and multilateral institutions, had clubbed together to provide the \$16.7bn emergency aid package. But he berated Thailand for failing to address its economic problems sooner.

"The Thai authorities did not have their priorities in order. They were more concerned with the country's economic slowdown than with the risk embedded in running high

current account deficits," he said. Chaiyawat Wibulswasdi, central bank governor, said a bridging loan, announced earlier this week, of \$3.3bn from the Bank of International Settlements would help immediate funding needs.

But European central banks said the BIS money was subject to certain conditions and was not ready to be disbursed. Mr Chaiyawat repeated that the IMF package would not be enough if foreign banks failed to roll over their short-term loans to the Thai private sector.

Many foreign bankers say that before they commit to roll-overs or extend new funds they want to resolve the problem of approximately \$2bn

already on loan to 58 finance companies suspended by the Thai authorities in the past month. Creditors of 42 finance companies have been assured their loans will be guaranteed by the government. Commitments on the other 16, where the bulk of the foreign lending is concentrated, have been vague.

Siri Ganjararadee, assistant central bank governor, said the government was required by the IMF to run a \$150bn (\$1.5bn) budget surplus next year to begin to pay for financial restructuring.



Japan's stormy weather and Observer, Page 15

Chaiyawat Wibulswasdi, Thai central bank governor

## Yeltsin reasserts Kremlin control of arms sales

By Chrystie Freeland in Moscow

Boris Yeltsin, the Russian president, yesterday launched a surprise campaign to reassert Kremlin control over the multi-billion dollar arms trade, by sacking the country's chief weapons merchant.

Simultaneously, the president dissolved Rosvooruzheniye, Russia's arms trading monopolist, replacing it with a new organisation of the same name. In a further effort to weaken the company's grip on the arms market and to strengthen state control, a Kremlin decree granted the right to export weapons to two other state companies and to certain manufacturers.

Arms export is one of the only sectors of the Soviet economy to have flourished in the transition to capitalism, as cheap Russian weapons have conquered new markets in countries such as Colombia, Israel and Malaysia. Strong revenues have made the arms trade a coveted prize in the power struggles which dominate Kremlin politics.

The president's attack came just a day after Alexander Kotelnik, Rosvooruzheniye's ousted chief, had boasted at an annual air show of his company's success.

"By the end of the year I am sure our order book will exceed \$10bn. That means that for the first time in the history of Russia we will outdo the United States in signed contracts," Mr Kotelnik said.

Speaking at the same air show, a presidential adviser on the arms trade said Mr Yeltsin had praised Mr Kotelnik's work at a Kremlin meeting earlier in the week.

Kremlin aides said yesterday's decrees were aimed at loosening Rosvooruzheniye's hold over the lucrative arms trade, and at allowing more of the revenues to go to the Ministry of Defence and directly to arms manufacturers.

"This is another important step in the perfection of Russia's arms trade with foreign

Continued on Page 16

## The bank

in Croatia

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vaš grad... i vaša banka





## Algeria to spend oil cash on jobs and houses

By Roula Khalaf in London

The Algerian government, under fire at home for failing to end more than five years of violence, is seeking to shore up popular support with a three-year economic programme whose targets may be difficult to achieve.

Algeria's lower house, dominated by pro-government parties after the June elections, has backed the programme, which aims to achieve 7 per cent growth by the end of 2000, against 4 per cent last year; build 800,000 homes and create 1.2m jobs. With oil and gas exports accounting for more than 95 per cent of foreign exchange earnings, the government is also aiming to increase non-oil exports to \$2bn by 2000, from \$800m now.

Analysts say the targets are over-ambitious, and members of the opposition in the general assembly have criticised them as unrealistic. Today, Algeria's unemployment rate is 28 per cent and there are on average only 100,000 jobs a year available for more than 200,000 young people entering the workforce. The country has a severe shortage of housing: 1.8m new homes are needed to relieve overcrowding and fewer than 150,000 homes have been built each year in recent years.

Ahmed Ouyahia, the prime minister, told parliament earlier this month that the government would set up special programmes for

building houses and major works to increase jobs, financed by the state budget.

With high oil prices leading to a surplus in last year's budget, the government has money to spend. Moreover, it has ruled out another agreement with the International Monetary Fund once the current three-year extended fund facility expires in 1998. This will release it from the tight financial discipline imposed by the fund.

However, high public outlays are only sustainable in a climate of high oil prices and the Algerian economy remains highly dependent on oil and gas revenues. The IMF has urged the government to diversify the economy to reduce its vulnerability to external shocks and speed up structural reforms to spur growth and create employment.

Economists say that the government could officially achieve its targets by fudging the numbers. It could, for example, include temporary employment of youth in government programmes to boost the employment figure and count grants to farmers for housing that may or may not be spent on housing units in the housing figures.

The \$2bn non-hydrocarbon exports target may appear realistic when considering that Algeria now exports \$800m of non-oil products. However, about half that amount is to repay Russian debt and the exports may not otherwise be competitive.

## New image high on drug-producer's agenda

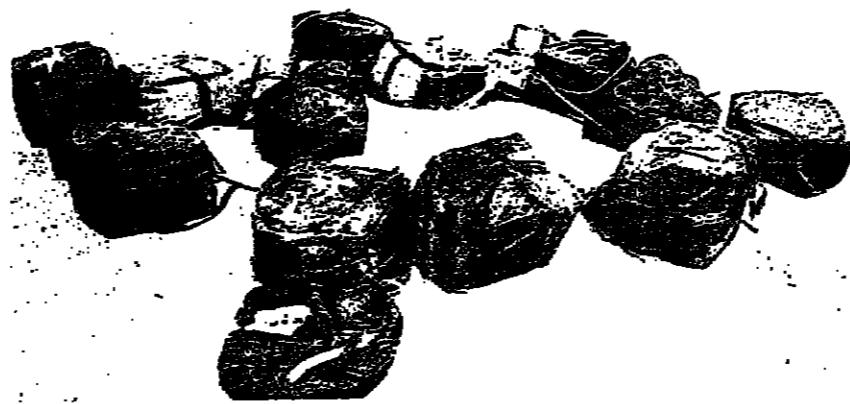
The Moroccan government has stepped up efforts to improve the country's tainted reputation

**D**riss Basri, Morocco's interior minister, believes in being compensated for his efforts to combat drugs. He has just asked a team of lawyers to find ways to extract "reparations" from Europe for Rabat's discovery in June of nearly six tonnes of cocaine, which washed up on the Casablanca shore.

Although drugs are usually a sensitive topic in Morocco, the Moroccan government has been keen to publicise the cocaine case and has gone out of its way to co-operate with western drug experts. Next on Mr Basri's agenda is an international conference on drugs in Morocco, which, he says, is to be partly financed by the compensation he expects to receive.

Mr Basri makes no secret of what is behind Rabat's enthusiasm. "The cocaine seized helps improve the [outside world's] appreciation of Morocco," he says. "We are exploiting this fortuitous act positively by associating everyone in our discovery."

Fortuitous because the drugs were cocaine, not hashish, which has been a thorn in the side of the Moroccan government. Also



Cocaine washed up on a Casablanca beach: Morocco hopes it will help shore up its image

fortuitous because the cocaine does not appear to have been destined for Morocco. Local officials and western drug enforcement officials believe the cocaine was thrown from a ship which broke down en route to southern Europe.

But Mr Basri is not likely to find many receptive ears in Europe, and European Union officials have not exactly rushed to congratulate Rabat. "It is not like the Moroccans intercepted the ship," notes one western diplomat. "The only reason they became aware of it is because the cocaine began washing up on the shore."

In fact, the case has raised some concerns that Morocco may be used by Latin American drug cartels as a transit centre for cocaine smuggling. Mr Basri dismisses such claims, pointing out that if the traffickers had partners in Morocco, they would not have decided to get rid of the cocaine.

Since a 1994 report by the Paris-based Observatoire Géopolitique des Drogues described Morocco as the world's first hashish producer and prime supplier to Europe and said corruption helped the business to thrive - charges fiercely denied by Rabat - Morocco has been

battling to change this image. Hashish production has also become a sticking point in Morocco's relations with the EU, with which it has an association agreement.

Kif - as the cannabis plant is known in Morocco - provides the economic base for much of northern Morocco, and is estimated to add \$2bn a year to the economy.

The north, historically a rebellious region of 6m people, remains poor and underdeveloped. In spite of the cannabis cultivation, Rabat's concern has been to develop a region it considers a potential source of instabil-

ity. Thus, the government has balked at EU requests to eradicate production, asking that the EU pay for the effort. "Hashish is a soft drug, it is consumed openly in Europe," says Mr Basri. "Eradicating it needs financing. We cannot let all other Moroccans die and spend our resources on eradication."

Last year, in an effort to prove Morocco's goodwill, Mr Basri launched a controversial anti-drug campaign amid much fanfare, and his aides claim to have dismantled all the Moroccan networks. Diplomats in Rabat, however, remain skeptical. A US State Department

report notes that producers and large-scale traffickers still operate due to "budgetary constraints on enforcement and widespread corruption."

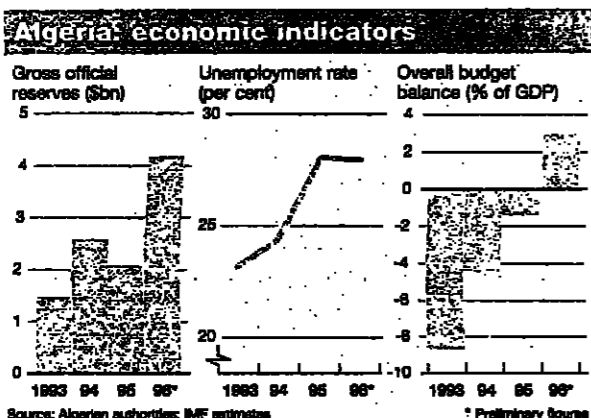
What is seen as a more serious effort is the recent establishment of an agency to develop the north. The agency has a comfortable set-up in Rabat, a staff of 36, and a long list of ambitious projects.

But it will be difficult to show commitment to eradication before many of the projects are well under way. The top priority projects will cost Dh5.8bn (\$80m). The government has pledged to contribute Dh2.4bn and expects western countries to put up the rest.

Mr Basri is realistic, and he does not seem to be holding out much hope. He is willing to admit that fighting trafficking but not production is futile. "Of course the drug fight doesn't lead to anything," he says. In the final analysis, he suggests, the whole issue is overblown. "Europe does not really care about kif, only about hard drugs."

Roula Khalaf and Jimmy Burns

## At home in Emerging and Capital Markets.



### INTERNATIONAL NEWS DIGEST

## Israel attack on Arafat

The Israeli government yesterday accused Yasser Arafat, Palestinian Authority president, of being "two-faced" in his attitude towards combating terrorism. But the US State Department said Mr Arafat would be judged "by deeds" in security co-operation with Israel.

A statement after an Israeli cabinet meeting headed by Benjamin Netanyahu, the prime minister, said the Palestinian Authority had done little to meet Israel's security expectations. But a statement by the Israeli defence forces said earlier this week that Israeli and Palestinian joint patrols were "working well" and contacts between officers at all levels on both sides were being maintained.

The cabinet statement followed a national unity meeting of Palestinians in Gaza on Wednesday which continued in the West Bank town of Ramallah yesterday. Mr Arafat, under pressure from Hamas, the Islamic resistance movement in the past responsible for a spate of bombings on Israeli civilian targets, publicly embraced Hamas leaders. The meeting's main significance was the attempt by the Palestinian leadership to forge some kind of consensus and rally the disparate elements behind Mr Arafat's flagging authority. *Judy Dempsey, Jerusalem*

### SOUTH AFRICA PROTEST

## Marchers urge work changes

More than 20,000 workers marched through Johannesburg and Pretoria yesterday, calling for changes to draft legislation on working conditions. The Congress of South African Trade Unions (Cosatu) members were urging big business to revise its position on clauses of the Basic Conditions of Employment Bill. SAFA news agency said.

In Pretoria, at least 10,000 demonstrators marched to the Labour Department's head office to hand over a memorandum outlining grievances. SAFA said many employers reported a significant stay-away by workers heeding Cosatu's call for a 24-hour strike in the Johannesburg/Pretoria region and North West and Northern Provinces. The unions want six months' maternity leave, with at least four months paid, 16 years as the threshold for employment of children, and a five-year phased reduction of the work week to 40 hours. *AFF, Johannesburg*

### CAMEROON CREDIT

## IMF approves \$219m loan

The International Monetary Fund has approved a new three-year loan worth \$219m for Cameroon under its Enhanced Structural Adjustment Facility (ESAF), state radio in Cameroon said yesterday. Approval of the loan followed the signing by the prime minister, Peter Mafany Musonge, last month of a letter of intent mapping out planned economic reforms for the next three years.

The IMF said the first annual instalment of the loan would be \$73m, the first half available immediately. Cameroon's agreed three-year programme aims at lifting real annual growth of gross domestic product to 5 per cent, limiting inflation to 2 per cent and stabilising the current account deficit at 2 per cent of GDP. *AP-DJ, Abidjan*

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## Caricom to hold volcano talks

By Canute James  
in Kingston and  
David Wighton in London

Several Caribbean Community (Caricom) leaders will hold an emergency summit in Antigua on Tuesday to discuss the situation in Montserrat, where a volcano has made uninhabitable the southern two-thirds of the British colony.

The meeting follows the start this week of a voluntary evacuation by the remaining 4,000 inhabitants. Percival Patterson, Jamaica's prime minister and Caricom chairman, will meet Keith Mitchell, prime minister of Grenada, Lester Bird, prime minister of Antigua, and Bertrand Osbourne, chief minister of Montserrat.

They will discuss Caricom's role in helping Montserratians leaving the island, with indications that members of the community will offer temporary homes to some. Several Caricom governments have criticised Britain's handling of the situation, suggesting the UK has done too little too late.

Britain is providing emergency cash aid for Montserratians wanting to leave. Adults moving to neighbouring countries can get £2,400 (\$4,000) over the next six months if they do not have savings and assets valued at more than £10,000. Those under 18 can get £600. Britain will pay air fares to nearby countries.

Many Montserratians have rejected this package. Protesters have demanded British citizenship, protection for property left behind, medical coverage, unemployment compensation and assistance for displaced children to attend school.

Clare Short, UK international development secretary, yesterday denied charges the £10.5m package was ungenerous. Ms Short said the terms had to be put in the context of compensation to people in Britain in similar circumstances.

## US raises Latin American hackles

Defence in the region has become a matter for public debate, says Imogen Mark

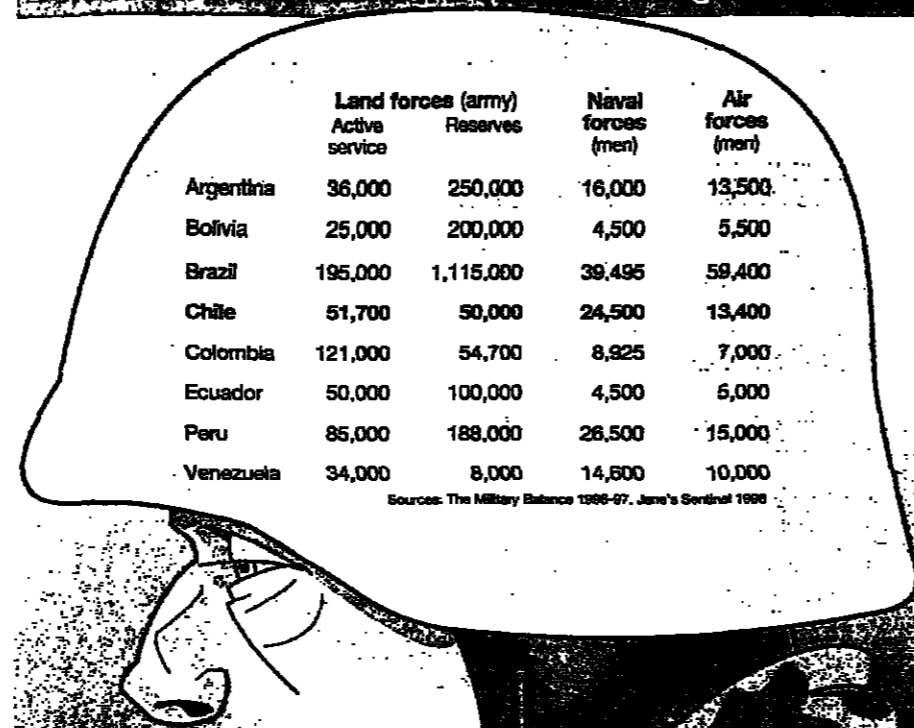
Eduardo Frei, Chile's president, is irritated with Washington. So is Argentina. The issue is defence and the debate, traditionally one for closed doors and huddled generals, is being played out in public. Mr Frei, speaking on Wednesday at the formal publication of the National Book of Defence, Chile's first white paper on defence policy, warned the US that "assigning special privileges or (entering into) associations without consultation with some countries in Latin America impedes the creation of a climate of confidence and creates unnecessary uncertainties within our sub-regional blocs".

The same day the Argentine government released a statement in similar terms, commenting on the US decision last month to lift its embargo on arms sales to Latin America. "Military transfers to the region should not affect the strategic balance," it said, adding that the acquisition of sophisticated armaments "that lack justification in the existing climate of peace and security" should be avoided.

The US decision was prompted by Chilean plans to acquire new fighter aircraft, and the interest of US manufacturer Lockheed Martin in offering its F-18 model.

Mr Frei's remarks referred to the confirmation given last week by Madeleine Albright, US secretary of state, that Argentina was to be named a "close non-Nato ally" of the US. News of the decision, for which the Argentine government has

US raises Latin American hackles



been lobbying since the end of last year and which broke at the beginning of the month, apparently caught the Chilean government off-guard, although Argentine officials insisted that Santiago had been fully informed of the request.

The same officials in Argentina said the special status was a form of compensation for the US decision to offer the F-18s to Chile. Argentina will not have the option to buy the same aircraft because of British objections. But as Chilean foreign minister José Miguel Insulza points out, Chile is

still deciding which aircraft to buy, from among the Lockheed Martin F-16s, French Mirages or Saab Gripen aircraft from Sweden, and so offering compensation to Argentina is premature.

Argentine officials appeared genuinely puzzled by the strength of the Chilean reaction. Interviewed by Chilean public television at the weekend, Jorge Domínguez, Argentine defence minister, said that the US had also offered to give Chile the same status of "close ally", and Buenos Aires would be happy if Chile accepted.

The incident has weakened the impact of the bilateral meeting of foreign and defence ministers convened less than a month earlier, when it was announced that the two armed forces would carry out joint military exercises for the first time. Mr Domínguez said, however, the manoeuvres would go ahead next year.

Argentina and Brazil have already carried out similar joint exercises, and Brazil has published its own paper on defence policy.

A Brazilian diplomatic source said the Chilean book was "an interesting initia-

tive" and welcomed the suggestion that the regional defence ministries should work towards a uniform method of calculating defence spending.

The book breaks new ground by publishing a description of Chile's own defence budget, its arms and equipment, and also those of the other main Latin American nations.

However, the information on regional arsenals is almost entirely from non-classified sources, and draws heavily on international publications such as *The Military Balance*, a yearbook on world armies and weapons published in London, so no secrets are revealed. What is new is the collation and publication of such material by politicians with a view to forcing defence issues out into the open - a first for the region.

But some of Chile's neighbours have criticised Santiago for risking an arms race, because of the new weapons it is planning to buy.

Apart from the 16 advanced fighter-aircraft it wants to acquire, it has also placed a \$500m contract with a French-Spanish consortium for two submarines, for delivery after 2006.

But Chile's acquisitions policy, according to the ministry, is to go for a small, efficient and technologically developed armed force, which means going for quality rather than quantity.

"Technology skills in the armed forces have to match those in society," a senior official said.

## Brazil upset by overtures to neighbour

By Jonathan Wheatley in  
São Paulo and Leslie  
Crawford in Washington

The US proposal to grant Argentina the largely symbolic distinction of "close non-Nato ally" has upset Brazil.

Some Brazilians are interpreting the US move as an attempt to drive a wedge

between Argentina and Brazil, leading partners in the Mercosur trading group, in order to boost support for the US's own trade initiative for the region: a continent-wide Free Trade Area of the Americas (FTAA). So far Brazilian backing for this has been lukewarm.

The prickly relations between Brazil and Argen-

tina, particularly when it comes to their respective roles on the world stage, were inflamed earlier this week when Carlos Menem, Argentine president, said in an interview published in a Brazilian newspaper that Brazil's bid for a permanent seat on the UN Security Council would "break the balance" of power in the

region. Mr Menem's comments caused uproar in Brasília, where José Sarney, former president and leader of the Senate foreign affairs committee, accused the Argentine president of "turning himself into an instrument of division in our continent".

"An artificial climate of discord is being created to destabilise Mercosur," Mr Sarney said. "The Brazilian government cannot say so, but I can."

Walter de Góes, a political analyst in Brasília, said Mr Sarney's remarks reflected concerns in the Brazilian government that the US might be favouring Argentina in order to sour relations between the leaders of Mercosur.

But in Washington US officials denied any attempt to upset regional harmony. The US had accommodated Chile's wish to purchase US

fighter jets and come up with its proposed "non-Nato ally" status for Argentina.

"This is a symbolic gesture, which confers no strategic military advantage to Argentina," a US official said.

At most, the distinction would allow Argentina to purchase some surplus Nato hardware.

For the Brazilians, the US had signalled its willingness to accept the concept of a permanent seat for Latin America on the UN Security Council. "However, it is up to the countries in the region to decide how that seat should be filled," the US official said.

With Latin American leaders preparing to meet at a summit in Asunción, Paraguay, this weekend, diplomats in the region are understood to be working overtime to tone down the hostile rhetoric.

### AMERICAS NEWS DIGEST

## Clinton acts over Amtrak

Bill Clinton, US president, yesterday imposed a 60-day cooling-off period to head off a possible crippling nationwide strike against Amtrak by a rail workers' union. He also appointed a special three-member board to help settle the dispute between Amtrak and the Brotherhood of Maintenance of Way Employees.

The union rejected a national mediation board's offer of binding arbitration, opening the way for a strike on September 5, but yesterday's order heads off that possibility until late October.

It comes as thousands of United Parcel Service employees head back to work after a costly two-week strike by the Teamsters.

The White House said Mr Clinton decided to intervene in the Amtrak dispute because a strike would interrupt freight rail shipments and inconvenience 500,000 commuters, especially in cities such as New York, Chicago, Boston and Philadelphia.

A White House spokesman said Mr Clinton acted ahead of the September 5 deadline to ensure that Congress would be in session when the cooling-off period expired. "so if the situation is not resolved by then, Congress can act if it so chooses".

The board is the 12th Mr Clinton has created since taking office in 1993. He most recently appointed a board in February to resolve a dispute between American Airlines and its pilots union.

### NESTLE

## Manager denies trafficking

The manager of Nestlé's only factory in Guatemala and his son have denied allegations of international drug trafficking in a marathon *in camera* preliminary hearing. The judge responded with an order of pre-trial detention, formalising the incarceration of the two Swiss nationals who were arrested this month.

The judge's order also starts the statutory three-month period of investigation designed to lead to a formal indictment or the closure of the case against Andreas Hänggi, who took over the Nestlé factory in 1993, and his son Nicholas.

Prosecuting attorney Jose Alberto Lopez will direct the investigation into evidence he alleges points to the involvement of the Hänggis in a drug trafficking ring popularly known as the German Connection.

Their detention followed leads from detainees in Germany and correspondence allegedly linking them to the April seizure of 13kg of cocaine in Guatemala's biggest Atlantic port. According to the national anti-drug unit the cocaine was hidden in the sides of a refrigerated container full of ornamental plants bound for Hamburg. The container was allegedly rented by Mr Andreas Hänggi on behalf of a company called Sentesa, in which his son worked.

### PARAGUAY POLITICS

## Wasmosy faces impeachment

Juan Carlos Wasmosy, Paraguayan president, could face impeachment after his party, the Colorado, voted to seek his censure in Congress, ruling party officials said yesterday.

"There has been a series of extremely serious political crimes that are the exclusive responsibility of the person who now holds the highest office in the republic," Colorado senator Carlos Galaverna said.

Party officials voted unanimously on Wednesday night to seek Mr Wasmosy's impeachment, which would need approval first by the Chamber of Deputies and then by the Senate, with the support of at least two-thirds of both houses.

Mr Wasmosy, Paraguay's first freely elected president in 50 years, has been warring with a rival faction of the ruling party. The dissident faction publicly accused Mr Wasmosy on Monday of plotting with the armed forces to intervene in party primaries next month to choose the candidate for presidential elections in 1998.

They have also alleged that Mr Wasmosy was involved in a \$5m drug fraud, as well as arms trafficking, fraudulent sell-offs of state companies and misappropriating public assets.

## Menem on the defensive as alliance steals his thunder

The queue outside the church of San Cayetano in Buenos Aires stretched almost 2km. Thousands of people, some of whom had been camping out in the cold for days, were waiting to spend just a few moments before the saint's image. They had come from all over Argentina to pray for work and bread.

This gathering of careworn pilgrims earlier this month took place in the capital city of Latin America's fastest-growing economy. Argentina's gross domestic product is expected to increase by about 8 per cent this year, and the more optimistic forecasts are edging ever closer to double figures.

The macroeconomic performance looks almost Tiger-like. But it co-exists with unemployment of more than 16 per cent and a broad perception of social inequality which have pushed the economy into the centre of the political campaign ahead of October's mid-term elections, in which half the seats in the lower house of Congress are at stake.

The popularity of Carlos Menem, president, has been sliding even as economic growth has surged. A bad defeat for his party in October risks making him a lame duck for the remaining two years of his mandate, intensifying party divisions.

Mr Menem's ruling Peronist party and the newly formed opposition Alliance for Work, Justice and Education are battling not only over who can best guarantee continued growth, but also who is best placed to translate that growth into a stronger sense of national well-being.

Argentina and the IMF have agreed to ditch plans to seek a multi-billion-dollar bridging loan to fund public works prior to the sale of its mortgage bank, an economy ministry official said yesterday. Reuters reports from Buenos Aires.

Argentina pledged to drop the idea as part of tough

continuing negotiations for a \$1bn extended fund facility (EFF), the official said.

The Peronist government of Carlos Menem hopes to clinch the EFF in September, safely before mid-term congressional elections in October. The government had

planned to take out a bridging loan for the expected \$2bn-\$3bn value of the sale of the bank, Banco Hipotecario. The funds were to be put into an off-budget trust fund and used for public works. Argentina has now agreed to wait until the sale of the bank before spending the money.

To blunt the Alliance attack over high unemployment, the government has announced ambitious spending plans, largely a repackaging of existing projects, and moves to extend the social safety net.

Policy differences between the Alliance and the Peronism of Eduardo Duhalde, governor of Buenos Aires province and the frontrunner to win the Peronist presidential nomination in 1998, are even harder to detect.

Mr Duhalde backs the kind of job-creating, interventionist role for the state advocated by the Alliance. He recently incurred the wrath of the economy ministry by urging the creation of a ministry of production.

The Alliance too has its divisions and the two parties are struggling to extend their pact, initially covering only the province and city of Buenos Aires.

Nonetheless, the Alliance is at least in with a chance of overturning the Peronist majority in October. If it can establish itself as a coherent political force, it could pose an even bigger threat to the ruling party in the presidential elections in 1998, when Mr Menem must stand down.

Ken Warn

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## NEWS: UK

Labour, once the scourge of 'sleaze' among Conservatives, confronts a dark stain in one of its own strongholds

## Shadow over hopes for a Scottish parliament

The Scottish Conservative party yesterday unveiled a hard-hitting poster. It showed the face of Tommy Graham, the Labour MP who earlier this week was suspended by his party, and asked: "Could you face a Scottish parliament?"

The question arises after three weeks of revelations about "sleaze" in the Labour party in the west of Scotland's "central belt". Labour dominates Scottish politics. It was strong before the general election in May, and had more Scottish MPs than any other party. The fact that Scotland was governed by John Major's Conservative government, even though its voters overwhelmingly supported Labour, stimulated the desire for a separate Scottish parliament.

In April, Labour made the pledge to hold a referendum about a Scottish parliament one of the main planks of its manifesto for the general election. In the election all Scottish Conservative MPs, including cabinet ministers, were swept out of office, and Labour was left more dominant than ever.

The party holds 56 of the 72 Scottish seats in the House of Commons even though it gained only 47 per cent of the vote in Scotland in the general election on May 1. It controls 20 of the 29 municipal authorities on the Scottish mainland.

Some people fear that the troubles of the party could spill over, influencing the outcome of the referendum next month on Scottish devolution. They even wonder whether the scandals might affect popular attitudes to a future Scottish parliament, which might well be dominated by Labour.

The referendum might yet be close. Though opinion polls show a big majority in favour of the proposition that a Scottish parliament should be established (65 per cent for, 19 per cent against), they show a smaller majority for the assembly having tax-raising powers (54 per cent for, 27 per cent against).

A defeat on the second question would be embarrassing for the government. So would a poor turnout at the polling stations on September 11. The pro-devolution

The ruling Labour party has pledged that its candidates for a Scottish parliament would be approved by a special panel. The panel would be intended to guarantee that candidates had the highest standards of competence and integrity, said Donald Dewar, the chief minister for Scotland, at the launch of Labour's campaign for a Yes vote in the referendum. Electoral districts would be free to choose their own candidates, but only from the approved list.

It is believed the panel, endorsed by Labour's national and Scottish executives, may include figures such as Baroness Smith, widow of John Smith, who preceded Tony Blair as Labour party leader.

Allegations of sleaze are overshadowing the party's campaign for a double Yes vote in the referendum. Voters in Scotland will be asked if they want a parliament and whether it should have tax raising powers.

The campaign for a double Yes vote is being supported by the Scottish National party, which campaigns for an independent Scotland. Its leader, Alex Salmond, said: "A lot of concentration has been given to undemocratic decisions taken by Westminster. For the future well-being of our nation, it is absolutely vital that we deliver a Yes Yes victory."

## A long list of claims has included allegations that a security business financed by a Labour-led local authority was involved in money laundering and drug dealing

forces admit privately that, if the turnout is much below 80 per cent, the exercise begins to lose democratic credibility.

It is not clear, however, exactly how strong the public response to Labour's troubles will be. Mr Graham has been suspended by the Labour party for verbal attacks on colleagues, some made after the suicide last month of Gordon McMaster, the Labour MP for Paisley South. But Mr Graham, who is MP for the nearby district of Renfrewshire West, was cleared by the Labour

party's chief whip of smearing Mr McMaster's reputation. Most people in Scotland will probably be unsure exactly what he did wrong.

The accusations against Mr Graham might be seen in the context of wider differences between various parts of Scotland. Mr Graham is associated with Paisley, the industrial town near Glasgow where the local party has been accused of numerous questionable activities. There have been allegations that a council-funded security business on a housing estate was involved in money laundering and drug dealing.

Two prominent local party members were suspended along with Mr Graham, and Tony Blair, the prime minister, has ordered the creation of a task force to overhaul the party in Renfrewshire.

Labour's dominance of Scottish politics is especially glaring in the west of Scotland where its MPs are mostly returned on overwhelming majorities and where habits verging on the corrupt have abounded. In the early 1990s, Monklands, which covers the towns of Airdrie and Coatbridge to the east of Glasgow, became a byword for pork barrel politics.

The danger for the government is that some Scots will be put off voting Yes in the referendum for fear that the Labour's Glasgow-area practices might infect the

## MP's suicide triggers widespread party investigation



Gordon McMaster

The 37-year-old Labour MP was found dead in a room filled car at his home last month. The same night, another Scottish Labour MP accused unnamed party figures of wrongly accusing McMaster of having AIDS. A few days later, a Scottish newspaper published what it claimed was McMaster's suicide note, in which he deplored comments about him by Tommy Graham, also a Labour MP in central Scotland.



Tommy Graham

Although exonerated in a party inquiry of charging McMaster to suicide, Graham has been suspended from the parliamentary Labour party for allegedly failing to live up to the standards expected of one of its MPs. Graham said in a newspaper interview 10 days ago that McMaster had been "ill with the booze". He faces allegations that he heaped public scorn on party colleagues and worked with opponents of Labour against the party's interests. He rejects all allegations against him.



Nick Brown

Chief whip in the Labour government and a leading party figure hastily sent from London to Scotland to investigate the accusations being hurled back and forth by politicians in and close to the Labour party. His conclusion: "There are serious allegations that Tommy Graham has failed to live up to the high standards expected of the parliamentary Labour party. These allegations relate to verbal attacks on colleagues unrelated to Gordon McMaster's death."



Donald Dewar

Chief minister for Scotland in the Labour government and architect of the party's plans to create separate parliaments in Scotland and Wales. Now on holiday with the task of preventing "sleaze" allegations from overshadowing the devolution campaign. Recent comment: "The last few days have strengthened my resolve to ensure there is no hiding place in our party for those who fail to meet the highest standards of integrity and conduct."

Scottish parliament. In the 1979 referendum, when devolution failed to attract sufficient votes, most areas outside the central belt around Glasgow and Edinburgh voted against constitutional change.

Since then, however, Labour has strengthened its presence outside this belt and will rely on its electoral machine to deliver a double Yes vote.

There is also a healthier side to the Scottish Labour party. The councillors who run Edinburgh, the Scottish capital, with a

degree of success are trim, clean-cut figures who present a completely different image from that of Mr Graham. It is Edinburgh and the east of Scotland which elect to Westminster cabinet ministers such as Gordon Brown, the chancellor of the exchequer, and Robin Cook, the foreign secretary.

Even if there were a strong public reaction against Labour which influenced the referendum, that would not necessarily affect public attitudes to the Scottish parliament.

The new body is to be elected by a two-part electoral system which is unlikely to result in any party having an overall majority. Of the 129 members, 73 will be elected under the first-past-the-post system, in which the candidate with the largest number of votes is the winner. That is the system used for elections to the House of Commons. The other 56 members of the Scottish parliament will be chosen under a system of proportional representation.

Labour might well be the larg-

est single party but would probably not be able to govern without a coalition partner, probably the pro-European Liberal Democrat party. Labour would face opposition from the Scottish National party, which campaigns for full independence for Scotland, and the Conservatives. Those parties would be represented in the Scottish parliament according to their voting strength rather than being penalised as they are now by the first-past-the-post system.

James Buxton

## CONTRACTS &amp; TENDERS

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## INVESTMENT OPPORTUNITIES IN

Lahore Ring Road and  
Lahore Elevated Expressway

Lahore Development Authority (LDA) intends to construct the following projects with private sector financing:-

LAHORE RING ROAD (LRR) having an estimated length of 78 Kilometers, starting from Lahore Bypass Interchange at Multan Road to Lahore Bypass at Babu Sabu. The tentative alignment is expected to cross U.B.D. Canal, Defence Road, Raiwind Road and Ferozepur Road in the South; Bedian Road, Harik Road, U.B.D. Canal and G.T. Road in the East, and will follow existing Bund Road from Mehmood Booti to Babu Sabu. This will be a dual carriageway (3 lanes each) flanked partly with Service Roads and having 11 interchanges on major roads crossings and 6 flyovers on Railway tracks, Canal etc. The road will be a limited access urban toll highway.

LAHORE ELEVATED EXPRESSWAY having a length of about five kilometers, is an all elevated dual carriageway facility (2 lanes each) from Ravi Bridge via Niaz Chowk, Azadi Chowk and Bhatti Chowk upto District Courts with exit/entry points at Azadi Chowk and Bhatti Chowk. It will be a limited access urban toll expressway.

Potential developers/investors are hereby invited to submit proposals for taking up the projects on the basis of either of the following construction financing arrangements which are given in order of priority as they hold with LDA and the Government of the Punjab:-

- ▶ **BUILD - OPERATE - TRANSFER (BOT)** This includes design - construction - operation - financing - maintenance and transfer of the project after the concession period to the Government of the Punjab.
- ▶ **50% BOT AND 50% THROUGH CONTRACTOR'S FINANCING.** This includes design - construction - operation - financing - Maintenance and transfer of the project after the concession period to the Government of the Punjab.
- ▶ **100% CONTRACTORS'S FINANCING** Construction on Turn Key basis.
- The detailed design of both Lahore Ring Road and Lahore Expressway including allied infrastructure will require approval from LDA and Government of the Punjab.
- The preliminary work done, scope of work and other information about the projects can be obtained from the office of the undersigned on payment of Rs. 10,000/- (US\$ 250) for Ring Road and Rs. 5,000/- (US\$ 125) for the Expressway. The Technical and Financial Proposal must reach the undersigned on or before 15th October, 1997. Only those firms can participate who have purchased the said documents. Bidders can bid for one or for both of the projects under separate covers.
- The developers / investors are required to submit their experience profile as well as the financial status for the last three (3) years duly confirmed by the auditors.
- The proposals shall be submitted alongwith bid security equivalent to 0.5% of the bid.
- LDA reserves the right to reject any or all proposals without assigning any reason thereof.



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## RECRUITMENT

As psychometric tests increase in popularity, Richard Donkin takes one

## Personality jumps out of the box

that the individual was a lazy, good-for-nothing type, yet we all know such people exist. As the Myers Briggs paper stated: "Type is not an excuse for doing or not doing anything."

## Holiday hangover

The Institute of Management published the results of a survey this week that revealed the extent to which work is dominating the lives of many managers. Two thirds of the 300 respondents said they made sure their offices could contact them on holiday and two-fifths of them said they would be in touch with their office during their holiday.

Nearly a third of the managers, said the study, took work away with them packed between the towels and shorts and even more of them took mobile phones. And these are only the ones that get away. More than half the managers don't take their full holiday entitlement. A fifth of the managers said they were not encouraged to take their full break.

E-mail: Richard.Donkin@FT.com

I discovered this week that I was an INFJ, or I might have been an INFP. It was such a close call. After some further investigation it turned out that I was really an INTP.

These seemingly baffling initials are all recognised shorthand for personality types that emerged from a session filling out a personality questionnaire. Some may go through their whole careers without ever encountering such ratings but the chances of doing so are decreasing with every generation as psychometric tests increase in popularity among recruiters.

Having survived 22 years and five career moves plus a few internal moves without confronting a personality test I thought it was time I put myself through one, partly out of interest and partly out of a feeling of self-indulgence.

Would the test reveal the real me as I saw myself or as others saw me? The test was provided by Recruitment and Assessment Services, the recently privatised former recruitment arm of the civil service. Over the years RAS testers have been responsible for advising on

some of the most senior civil service appointments.

Rachel Frost, a principal psychologist at RAS brought along two well-known personality tests - the 16 personality factor questionnaire (16PF) and the Myers Briggs Type Indicator (MBTI). Both are among the most widely used personality tests, along with the Occupational Personality Questionnaire (OPQ) and the California Psychological Inventory (CPI). All profess to determine your particular personality traits - that is how you see yourself reacting to certain circumstances.

The 16PF, devised by Raymond Cattell and originally published in 1949, was the first to be developed for commercial use. It has some 150 questions which take about 40 minutes to complete. The questions seek agreement or otherwise to various proposals such as whether you would prefer to go to a party or read a book at home. You

answer by using a tick box indicator to one of three options - either true, false or questionable. The questionable category enables the candidate to indicate that to answer true or false would depend on the circumstances.

The final 10 questions measure reasoning ability as something of an added extra since this is outside the scope of personality tests. Ms Frost chose additionally to use the Myers Briggs test just to make sure of her findings. She says that RAS no longer uses the test by itself in recruitment but it is sometimes used as a back-up to check out various findings.

She explained that normally before testing someone for a specific job she would first compile a list of traits or qualities that would be desired for the job by talking with either managers or the previous incumbents. The findings of the test are

then compared with these traits and tested against statements in an interview or, for some jobs, in a work simulation exercise. A few findings in my tests - a strong leaning towards non-conformity and autonomy and a tendency to follow urges without much self-restraint, she said, might not have gone down too well in the civil service.

On the other hand, she found a lot of evidence of what she called flexible thinking which would be a help for the job I was doing. Although these tests are recognised for their validity in uncovering people's personality traits I could not help thinking that some of the descriptions seemed rather like those you would get from Gipsy Rose Lee when she reads your palm. But then the test had indicated that I was the sort of person who would make that kind of subjective observation.

The 16PF test suggested my personality was somewhere between an INFJ or INFP - both introverted intuitive types, as was the Myers Briggs test indicated. All the letters stand for elements of personality - I is for introversion, N stands for intuition, F is for feeling, T for thinking, P for perceiving, and J is for judging. There are eight elements. The two that did not show up in my tests were E for extraversion and S for sensing. Sensing types tend to be practical people.

It mattered little whether my personality was somewhere between an INFJ or INFP, for example, "succeed by persistence, originality, and desire to do whatever is needed or wanted. They put their best efforts into their work and are quietly forceful, conscientious and concerned for others".

This all seemed good stuff. The INFP type, however, looked equally promising - "Full of enthusiasm and loyalties, but seldom talk of these until they know you well. They care about learning, ideas, language and independent projects of their own." But perhaps the Myers Briggs outcome of INTP was preferable. These people, it says, are "Quiet and reserved. They especially enjoy theoretical or scientific pursuits." Ms Frost said this was in fact her own type so we settled for that one. So that's what I am.

Returning home, I read the results from the 16PF feedback sheet to my wife who agreed they all just about had my personality right. Unfortunately I was reading from the wrong boxes. She disagreed with the boxes which had actually been crossed but then she's only known me 20 years.

Personality testing is an expensive option in recruit-

ment. I have no doubt that it is useful in reassuring interviewers that they are concentrating on the traits they might be looking for. I did not try to fake the result but I feel sure that if someone wanted to do so they could produce different findings. It would probably be a waste of time to do so, however, because it would be difficult to engineer the sort of results that you might expect the recruiters to be looking for.

Testing can also provide a uniform approach where scrupulous fairness might be an issue. Whether such tests are really necessary, however, in a properly structured interview - for a top executive post for example - when certain questions could be posed to search for reactions that betray personality traits, is debatable.

It was notable that each of the 16 personality boxes stressed positive aspects of character. Not one suggested

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## MANAGEMENT



John Kay

## Frontiers of fashion

The far-reaching influence of political events on economic and business life is greatly underestimated

**M**enton. Alpes-Maritimes. Glad you're not here: most of France seems to be, but crowded into a strip that extends no more than 100m from the sea.

Dined last night in the best restaurant in the area, which is only enough in Italy, less than 1km across the border. But you notice the difference as soon as you cross. It is not just that the prices are in lira, and the waiters say *buona sera*. The menu has a different structure, the wine list is quite different, and the fee cups are half the size of those on the French border. And the clientele is different too. Indeed, that is why the best local restaurant is in Italy. Young Italian professionals will pay for Michelin-starred cooking, but French *retraités* (pensioners) will not.

Do you remember how the coming of Europe's single market in 1992 was supposed to blur or remove all these differences? I dined in that same restaurant on December 31 1991. I had booked well in advance, relishing the symbolic gesture. We could walk back to France, careless of border formalities, citizens of the new Europe.

Sadly, it was not so. The frontiers were still there, and are still there today. On one side of the border, they wear the crisp peacock uniforms that instantly identify servants of the Italian state. On the other, bored members of the *Compagnie Républicaine de Sécurité* (CRS) sit in a glass booth, playing cards.

Soon, it is said, Italy will become a full participant in the Schengen agreement, and border officials will at last disappear. I suspect the wine list at Bar Benjamin will remain unchanged.

It is easy now to forget the hype which surrounded 1992 and the single market. Two out of five UK firms

would be out of business as a result. Sir John Harvey-Jones warned us. Alan Sugar looked forward to putting all his European computers in the same boxes, presumably looking forward to the day, well beyond 1992, when all Europeans used the same plugs and read instruction books in the same language. Trans-European companies would become the norm. But who can remember what was said at the end of the conference held to prepare business for its new European challenge?

Just as people in business seem to veer from fad to fashion in business concepts, so they become fixated by fashionable events. In the late 1980s, that was the coming of the single market. Today the same role is played by talk of the business implications of Emu, the millennium bomb, and the internet. Those who went to a business seminar on 1992 each day in 1989 could now find one on 2000 each day in 1997. I expect the same people are going.

And they may have good reasons for doing so. Being on top of the latest fad is a certain way of gaining attention from the senior management which has espoused it. There is also a market for being an expert on a future event which is

**Just as people in business seem to veer from fad to fashion in business concepts, so they become fixated by fashionable events**



A time for reflection

going to have a profound effect on business, especially when no one quite understands why it is going to have that effect or exactly what it will be.

How many large companies are there without at least one person who has carved a comfortable niche for him or herself as the person who knows all about 1992, Emu, the millennium bomb, or the internet?

Which is not to say that these things are of no importance. The 1992 programme did have significant effects on European business. It greatly simplified the formalities associated with selling goods across European frontiers, and made substantial progress towards removing regulatory barriers to trade between states in some sectors. But it was not, and was never likely to have been, the massive discontinuity in business experience which some suggested was in prospect.

And that is the lesson for us to ponder, as we sit on the Franco-Italian border drinking our kir, or our prosecco, depending on which side of the border we sit. We are inclined greatly to exaggerate the short-run influence of political events on economic and business life, and greatly to underestimate the long-run influ-

ence of political events on economic and business life. That Franco-Italian border illustrates the issue well.

The difference between France and Italy remains very visible, whatever happens at the frontier. It is a difference which affects business life in many ways. But it is a difference which is gradually being eroded. After all, that frontier was very artificial one. It was drawn in 1860, the position was part of a political deal between Piedmont and France in which the latter gained territory in return for support of the former's Austrian war, and the line might more logically have been set 60 miles to the west.

The border was drawn through a group of people for whom Paris and Rome were equally far away and equally irrelevant to their lives; and if someone from either city had arrived among them, the local population would not have understood what they were saying.

But today, everyone on one side of that arbitrary line speaks French and everyone on the other Italian. Within a few decades, reinforced by different educational systems, different fiscal systems, one finding its dominant social and economic influences to the east, the two sides of the border acquired characters as distinct as those we see today - and characters that will outlast changes in these fiscal systems and economic influences.

In understanding how the process of economic integration does take place, there is enough to reflect on to justify a second glass of kir or prosecco.

*The author is a director of London Economics and director of the School of Management Studies at Oxford University. This column appears fortnightly.*

**F**ive people set out to wash a pile of dishes. They could organise the task in a number of ways: with all of them fighting to get at the sink together or with each waiting a turn to do their fair share. The chances are that they will divide the work into tasks.

The group has self-organised, and it is from this sort of example that a growing number of executives are deriving inspiration for a new management philosophy that has been called "self-organisation and complex systems" or more precisely, "complexity theory".

Followers of complexity theory gathered in Cambridge, Massachusetts, this month to flesh out new applications for the philosophy, including ways in which companies could adopt its ideas.

The movement alludes to Adam Smith's invisible hand theory, which asserts that individuals working selfishly to improve their own lives act as a positive economic force for the larger community. But the bones of complexity theory itself were outlined by Stuart Kauffman, a scientist who argued in his 1985 book *At Home in the Universe* that biological organisms organise themselves in an elegant, ordered manner, like a honeycomb, for example. This is true, he asserts, of even the most complex systems.

The basic premises of the theory are fairly simple: Decision-making units called "agents" - which include everything from a factory worker deciding which piece to fit on first to a bumblebee deciding which flower to land on - interact with other agents to trigger unpredictable consequences.

So how do complexity followers reconcile such unpredictability to their sense of order? According to Mr Kauffman, organisms exist at the edge of chaos, finding order, but in a haphazard way.

In fact, complexity followers also embrace chaos theory, a mathematical theory that asserted that a seemingly insignificant occurrence, such as a butterfly flapping its wings, could trigger a sequence of events that lead to an earthquake on the other side of the world.

The upshot of all this in

## Order out of chaos

Victoria Griffith looks at complexity theories



The SPIRIT of the BEEHIVE

the corporate world is that the company machinery is in the hands, not of senior executives, but of lower-tier workers. Complexity theory, therefore, makes the task of management both simpler and more difficult.

On the one hand, it implies that employees can largely be trusted to accomplish tasks in an ordered fashion. On the other hand, any management intervention must be carefully thought out. Since corporations, like organisms, are often resistant to change it may be close to impossible to get workers to move in the direction senior executives want. Yet, according to the chaos theory portion of the philosophy, the smallest interference might lead to wild, unpredictable changes.

The trick, according to complexity theorists, is to look for the appropriate "sensitive points": small interventions that will trig-

ger substantial, positive change. Complexity advocate Chris Meyer, director of the Ernst & Young Centre for Business Innovation, points to the success of the "zero tolerance" policy introduced by William Bratton, former police commissioner of New York, in the mid-1990s.

Instead of large-scale solutions like hiring more policemen, Mr Bratton concentrated on small but important tasks. "He tried to change the way the system worked in subtle ways," says Meyer. "And that's how he brought down the crime rate."

**C**omplexity theory fits in well with fashionable management trends. The move by many companies to flatter, less hierarchical organisations, for instance, acknowledges the power of the lower-tier workers to instigate change.

Opening up the lines of communication between upper-level executives and their employees is also in line with the theory.

Like other management theorists, complexity advocates find themselves grappling with the definition of a chief executive's role. Ralph Stacey, a professor at the University of Hertfordshire, UK, and a complexity follower, believes executives should think of themselves as leaders of a group therapy session. "They try to guide, but not dominate, by eliciting responses from different members of the group," he explains.

The philosophy is also being applied to business in unexpected ways. Bell Canada, the telecommunications company for instance, concluded that since individual workers were making decisions for the entire organisation, they should be given some understanding of their impact.

Bell Canada has tried to do this by inviting low-level employees to participate in computer simulation games that reveal the impact of certain actions on the business.

Some corporations have used complexity theory to argue that machines, as well as workers, should be treated as decision-making units. Deere & Co, the agriculture equipment group, for instance, gave its computers what might have once been part of the managerial or administrative role, enabling them to set a manufacturing schedule to avoid bottlenecks in the system. "By allowing the system to make decisions, we increased efficiency at the company," says Bill Fulkerson, who championed the computer program at the company.

While complexity theory is attracting a growing number of believers, others doubt its suitability in companies.

Stephen Jay Gould, a science professor at Harvard University, questions the wisdom of applying biological theory to economics at all. "Inheritance, for instance, is a factor in economics. But in the biological world, animals and bacteria don't pass on wealth to the next generation," says Prof Gould. Such examples, he argues, should prevent managers from taking complexity theory too seriously as a guide for running their businesses.

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## COMPANIES AND FINANCE: INTERNATIONAL

## Normandy contributes to A\$334m bids

By Kenneth Gooding,  
Mining Correspondent

Normandy Mining, Australia's biggest gold group, is helping to fund simultaneous cash takeover offers totalling A\$334m (US\$247.9m) for Eagle Mining and Wiluna Mines by Great Central Mines, the company built by Joe Gutnick, the Melbourne entrepreneur.

If the deals go through, Normandy would have between 10 and 25 per cent

of Great Central and Robert Champion de Crespigny, Normandy chairman, would join the Great Central board. Great Central has been at the centre of bid speculation - a week ago Mr Gutnick formally denied the company had received a bid approach from Barrick Gold, North America's biggest gold producer - and the link with Normandy was interpreted by some analysts as a defensive ploy.

If the arrangements are completed, they would also

make Normandy bigger for any North American predator to swallow.

Mr Gutnick predicted last month that the drop in the US dollar gold price to a 12-year low would lead to rationalisation of the Australian gold industry. High-quality, low-cost companies would stand out as takeover targets and one of those was Great Central, he said.

Eagle and Wiluna hold concessions in the prospective Yandal Greenstone Belt near Great Central's Jundee

and Bronzewing gold mines in Western Australia.

Anthony Poli, Eagle chairman, described the offer - A\$3 a share, representing a 19 per cent premium over the average for the past month and valuing the company at A\$229m - as "totally inadequate" and revealed his company had received other approaches.

Wiluna advised its shareholders to take no action because a higher bid, or one from another group, might emerge. Great Central is

offering 65 cents a share, a 41 per cent premium, valuing Wiluna at A\$105m.

The offers are being funded by a loan facility arranged with Chase Manhattan Bank and the Normandy strategic investment.

This will involve the placement of 23.4m Great Central shares (10 per cent of its enlarged capital) with Normandy at A\$2.45 each, raising A\$58.24m. In addition, Normandy will provide a loan facility of up to A\$155m. This is to be repaid by a

combination of cash and/or Great Central shares which would give Normandy up to 25 per cent of Great Central.

Colin Jackson, Normandy general manager, said the link would not prevent any bid for Great Central by Barrick or Placer Dome, another Canadian company. Any takeover of Great Central by Normandy was "a long way over the horizon".

He described the link as a "partnership" that would provide Normandy with exposure to the Yandal gold belt.

## INTERNATIONAL NEWS DIGEST

## Linde moves ahead 8.2%

Linde, the German industrial group, overcame a drop in domestic business to lift profits and sales in the first half of this year. Pre-tax profit increased 8.2 per cent to DM283.6m. Sales rose 5.8 per cent to DM4.25m (\$2.26bn), fuelled by growth of foreign activities.

German sales fell 1.5 per cent to DM1.4bn, but foreign sales were 9.9 per cent higher than a year ago at DM2.8bn. Domestic orders fell 3.4 per cent to DM1.6bn, while foreign orders increased 20.5 per cent to DM3.2bn, boosted by the weakness of the D-Mark. Linde said trading conditions were good in all four of its business divisions.

Graham Bowley, Frankfurt

## INSURANCE

## ING arm in Japanese alliance

ING Life Insurance, the Tokyo arm of the Netherlands' ING financial group, has formed an alliance with Liberty Mutual, the US insurance group. The alliance, the first by two foreign groups in Tokyo, aims to penetrate the Japanese market.

The move comes as a growing number of foreign financial companies seek ways of strengthening their presence in Japan, ahead of the country's planned financial deregulation. The two groups said they would work together to promote different insurance products through ING's sales force and the Tokyo branch of Liberty Mutual. ING has expertise in cancer insurance, while Liberty Mutual's main speciality is employee insurance. Combining these should allow the groups to provide a specific executive package for the Japanese market, an ING official said.

Gillian Tetu, Tokyo

## TELEPHONY

## Comverse-Boston merger

Comverse Technology, the US developer of technologies for enhanced telephony services such as voice mail, is to acquire Boston Technology, maker of voice and internet messaging systems, in a \$858m stock transaction.

Under the agreement, each Boston Technology share will be converted to 0.85 Comverse common share. Based on Wednesday's closing prices, the deal valued Boston Technology shares at about \$314. For 1996, Comverse reported earnings of \$28m on revenue of \$207m. Boston Technology had earnings of \$14m on revenues of \$192.5m. The merger would make Comverse the leading supplier of enhanced services technology to telecommunications companies, said Kobi Alexander, chairman and chief executive.

Louise Kehoe, San Francisco

## SCANDINAVIA

## DFDS rises across the board

DFDS, operator of Scandinavian Seaways ferries in the North Sea, the Tor Line freight business, and the DFDS Transport European road haulage group, increased first-half pre-tax profits from DKK82m to DKK137m (\$19.4m) on turnover up from DKK3.44bn to DKK4.10bn. The company described the result as satisfactory. It predicted full-year operating earnings better than last year's DKK269m. All three divisions reported an improved performance. DFDS will report an extraordinary income of about DKK200m this year, which will be distributed to DFDS when the War Insurance for Danish Ships fund is liquidated.

Barnes, Copenhagen

## THAILAND

## Nava to lift registered capital

Nava Finance & Securities, one of Thailand's leading finance companies, is to more than triple its registered capital through a private placement worth Bt7.75bn (\$244m). The announcement sent a shock through the Thai stock exchange where it was taken as a sign that even healthy financial institutions may have to engage in large capital raising exercises in the aftermath of Thailand's financial crisis.

Nava shares fell 10 per cent, the maximum allowed by the Thai exchange, to close at Bt23. National Finance & Securities, another leading finance company, dropped Bt2.25 to Bt26. "We're going to see more of these things and not everybody is going to be able to do it through a private placement," said one foreign analyst. "It's going to be a real drag on the market."

Ted Bardacke, Bangkok

## DENMARK

## Unidanmark jumps 89%

Unidanmark, Denmark's second largest financial services group, yesterday reported an 89 per cent surge in first-half profits from DKK1.28bn to DKK2.43bn (\$342m). Meanwhile, Den Danske Bank, its larger rival, reported an increase of 28 per cent to DKK3.10bn. Unidanmark's result took earnings per share from DKK24 to DKK46 and return on equity to 29 per cent, the bank said. Both banks were ahead of analysts' expectations, but Danske shares fell DKK5 to DKK710. Unidanmark's rose DKK15 or 3.4 per cent to DKK454.

Hilary Barnes, Copenhagen

## FOOD

## Nutricia rises despite recall

Nutricia, the Dutch foods group, shook off the negative effects of product recalls of its baby milk to boost first-half net profits 24.8 per cent to F1 107.1m (\$52.3m). It said yesterday the fears of salmonella contamination which surrounded its infant formulas in January in the UK, Ireland and France clipped 1.4 per cent off growth in sales, which ended the period 5.6 per cent higher at F1 1.51bn. Pre-tax profits, where the recall impact reached F1 14m, were 20 per cent ahead at F1 193.6m. Nutricia said the integration of the French-based Milupa, maker of the products which triggered the alarm, had made further progress. Last month the company, which plans to change its name to Nutricia, abandoned plans to take a minority stake in Vitamex, a Swedish manufacturer of food supplements.

Gordon Cramb, Amsterdam

## Canada faces newspaper war

By Scott Morrison  
in Vancouver

The prospect of a national newspaper war has increased as Hollinger, the Canadian newspaper company controlled by Conrad Black, began proceedings to sell its minority stake in The Financial Post, the Toronto-based national daily.

Notice of the sale initiative increased the likelihood that Mr Black, who had tried unsuccessfully to buy the newspaper from majority shareholder Sun Media, will launch a fifth Toronto-based daily to compete nationally with The Financial Post and The Globe and Mail.

Peter Atkinson, Hollinger vice-president, said the company was assessing the matter and would make a decision within months.

"We've reached a bend in the road where we believe we are going in another direction," Mr Atkinson said, referring to his company's decision to abandon its quest for control of The Financial Post.

Pearson, the UK group which owns the Financial Times, controls 19.9 per cent of The Financial Post. Mr Atkinson said Hollinger formally notified privately-held Sun Media in June of its intention to sell its stake in the Post.

Under the terms of the partnership agreement, Sun Media is obliged to take the stake and has 120 days to respond to Hollinger's notification.

Hollinger values its stake in the Post at C\$25.6m (US\$18.4m), but if the two sides cannot agree the sale

price might need to be determined by an independent appraiser.

The move could prove difficult for indebted Sun Media, which also owns The Toronto Sun and papers in Ottawa, Calgary and Edmonton.

In May it issued US\$90m in debt to finance its acquisition of the London Free Press, a mid-sized daily in south-western Ontario, raising its total debt to about C\$400m.

The issue's offering memorandum noted that a Hollinger decision to sell its Post stake "could have a material adverse effect" on Sun Media.

Paul Godfrey, Sun Media chief executive, was not available for comment.

Mr Atkinson denied Hollinger's decision was a

Machiavellian scheme to force Sun Media into a corner. "We feel that if we can't control it, what's the point of continuing with it," he said.

The decision sharply increases the likelihood that Hollinger will go ahead with plans to launch a national daily based in Toronto, the only big city in which Mr Black does not own a controlling stake in a newspaper.

Analysts, however, questioned whether the market could bear another competitor, in spite of the industry's strong rebound.

With control of 59 of Canada's 105 dailies, Hollinger would be in a strong position to offer competitive national advertising rates, putting the squeeze on all Toronto papers.



Conrad Black: sale is no Machiavellian plot

Ashley Johnson

## SAirGroup makes interim profit after decade

By William Hall in Zurich

SAirGroup, parent of Swissair and a collection of airline related businesses, has reported a net profit of SFr109m (\$72.6m) in the first six months of 1997 - the first time it has made an interim profit in almost a decade.

It attributed the sharp improvement to the fortunes of Swissair, Switzerland's national airline.

Swissair, whose performance has lagged behind its competitors in recent years, made a pre-interest operating profit of SFr90m in the

first half of 1997 on sales of SFr2.57bn. Comparable figures for 1996 are not available, but Philippe Bruggisser, who took over as group chief executive at the start of 1997, said there had been substantial improvement in the airline's performance.

He attributed the turnaround to three factors: the economic recovery in Europe; favourable currency movements; and the group's cost-cutting programme.

Swissair carried 15.8 per cent more passengers; Crossair, the group's short-haul airline, carried

22 per cent more passengers; and Sabena, the loss-making Belgian subsidiary, carried 28.6 per cent more passengers. Swissair's load factor rose from 61.8 per cent to 68 per cent.

Although Sabena lost SFr42m in the latest half-year, Mr Bruggisser said its results were "above expectations". He was optimistic the cost-cutting measures in the group's three airline subsidiaries would enable it to meet its group financial target of a 12 per cent after-tax return on capital employed by 1998.

The group expects to earn SFr600m before interest and tax in 1997, which would be equal to a return on capital of 9 per cent, compared with 5 per cent in 1995. It is budgeting on raising this figure to SFr750m in 1998 which would equal a 12 per cent return.

SAirGroup's shares, which have risen by more than 75 per cent this year, closed SFr5 higher at SFr1.970 yesterday and several analysts indicated they would raise their earnings forecasts for the full year.

The turnaround in SAirGroup's

traditional airline business was offset by a less impressive performance in SAirRelations, the group's second biggest business, which has provided most of the growth in recent years.

The acquisition of Alders, the UK duty free chain, has taken longer than expected to contribute decent returns and a downturn in Japanese tourism in Australia has hit an important segment of the group's airport retailing activities. The turnover of SAirRelations rose by 60 per cent to SFr1.62bn, primarily as a result of acquisitions.

## Commission fees behind 23% rise at Swedbank

By Greg McIvor  
in Stockholm

Swedbank, the Swedish bank which is merging with Föreningsbanken to form the country's second-largest bank by total assets, yesterday posted a 23 per cent rise in pre-forma half-year profits.

Operating profits - which for the first time included earnings from Föreningsbanken - rose from SKr3bn to SKr3.7bn (\$458m). The merger was implemented in June, but awaits formal approval from both sets of shareholders.

The surge in profits completed a strong series of first-year reports from Sweden's four big banks. Swedbank, to be known domestically as FöreningsSparbanken, emerged as the biggest of the quartet measured by total income.

However, it lags behind the others in profitability. Return on equity was 20.4 per cent, an increase from 16.5 per cent last year but below the average of 23.2 per cent among its three main rivals.

Total income rose from SKr5.8bn to SKr10.3bn. The gain was chiefly due to a 26 per cent rise in commission income, reflecting strong growth in fund management operations.

Earnings per share increased from SKr6.57 to SKr7.56. This was above market expectations but Swedbank's most-traded A shares eased SKr1 to SKr184.

Swedbank said operating income was also boosted by a fall in loan losses.

Sour credits declined from SKr1.4bn to SKr1bn, or 0.4 per cent of total lending.

Reinhold Geijer, Swedbank chief executive, reiterated his prediction that the merger would cut annual costs by SKr1.5bn from 2000. The SKr2bn net cost of the tie-up would be taken in 1997 and 1998. Around 2,000 jobs would be shed out of a total 12,500, Mr Geijer added.

The bank said margins in bank lending had remained firm, but deteriorated slightly in mortgage lending and deposits amid intensifying price competition from other banks and financial institutions.

Expenses increased by 4 per cent, from SKr5.38bn to SKr5.57bn. Swedbank ascribed this to higher wage, technology and marketing costs.

Total lending rose from SKr467bn to SKr493bn. Aggregate deposits advanced from SKr368bn to SKr394bn. Net commission income increased by 28 per cent to SKr2.1bn. The capital adequacy ratio fell 12.5 per cent.

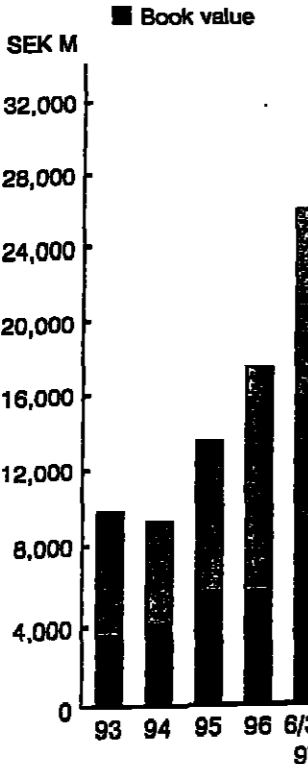
## INDUSTRIVÄRDEN

## Interim Report, January 1 - June 30, 1997

- The value of the portfolio of listed stocks rose by 27 percent during the first half, while the General Index rose by 26 percent. Through August 18 the value of the portfolio of listed stocks had increased by 38 percent, while the General Index rose by 32 percent.
- Net worth at June 30, 1997, was calculated at SEK 569 per share and CPN. Net worth at August 18 was calculated at SEK 616 per share and CPN.
- Sandvik new core holding - investment of SEK 4.1 billion.
- The real estate company Fundament sold. A capital gain of approximately SEK 200 M will be reported during the third quarter. The liquidity effect amounts to approximately SEK 850 M.

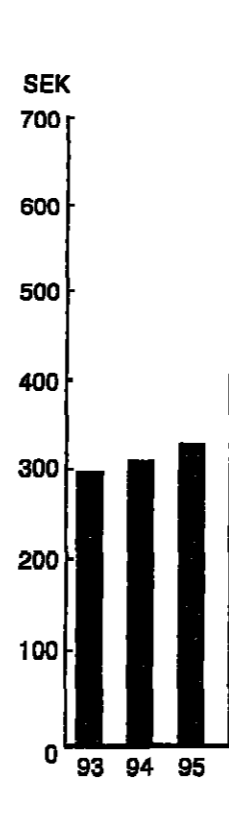
Market Value of Listed Stock Portfolio and Hidden Reserve

■ Hidden Reserve  
■ Book value



Net Worth Per Share and CPN

SEK



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هكذا من الأعمال



# THE BT/MCI DEAL



Happier days: Robert Brace (left), Gerry Taylor, president of MCI (centre), and Sir Peter Bonfield, when the deal was announced last November

## 'Wild day' puts investors in spin

By Tracy Corrigan in New York

"It's been a wild day," summed up one US analyst. News of a renegotiation of the economic terms of the merger of MCI Communications and British Telecommunications reached some MCI shareholders over breakfast while others were woken by calls from London in the early hours. Many MCI investors said yesterday they were more confused than ever about the possible outcome of the planned merger, which most US investors had felt would proceed at the original price set last November, though with a restructuring plan for MCI to reduce the negative impact on BT of MCI's declining earnings.

"People are confused. It's an incredibly complex situation. It's very problematic to see BT renegotiate this," said one US analyst, adding it could mean four to five months of price talks, shareholder votes and submissions to regulators. But most analysts and investors said yesterday they now expected some reduction in price, coupled with changes to MCI's business plan. Confusion peaked when PR Newswire, which carries US company news, accidentally released a joint statement from BT and MCI welcoming approval of the

merger by the Federal Communications Commission, instead of an MCI statement on toll-calling in Virginia. In fact, the FCC gave its approval shortly afterwards.

There was little consensus about the likely scale of any price change. Dan Reingold, the Merrill Lynch analyst who has been consistently bullish on MCI, said he expected the price to be cut by 15-25 per cent, pointing out that earnings expectations for MCI had slipped 47 per cent since the merger was agreed because of problems in its long distance and local businesses. He expects MCI to earn \$1.05 per share in 1998, against \$2 at the time of the agreement.

Of the 95 cent reduction, Mr Reingold estimates that 35 cents results from weaker long distance earnings and 60 cents from its difficulties in entering the local market. However, he believes that about half the decline in local markets could be regained by "imposing tighter budgeting and controls". Other analysts still believe there will not be a substantial reduction in the price of the merger.

"Any reduction in price will be minor," argued Blake Bath, analyst at Lehman Brothers. "Five per cent is minor. Otherwise, MCI should walk away."

## Go-ahead subject to competition safeguards

By Mark Suzman in Washington

The BT/MCI merger cleared its final regulatory hurdle yesterday when the US Federal Communications Commission, the country's chief telecommunications regulator, formally approved the deal subject to a series of conditions to enhance competition in the US and UK markets.

The decision had been widely expected on the grounds that BT's entry into the US market would promote healthy competition, but approval had been delayed in part due to concerns about the openness of the UK market for other operators.

However, MCI this week told the regulator that BT was now prepared to offer "carrier-prese-

lection" allowing customers to stipulate a non-BT long-distance carrier in the UK market without requiring special access codes.

MCI also agreed that the FCC could take "enforcement action" against it if BT fails to comply with the regulations. This was a concession the Commission said was critical in its decision to let the deal proceed.

In approving the merger, the Commission relied on the fact that the US-UK route is one of the most competitive in the world because of substantial liberalisation and deregulation of the US and UK telecommunications markets. The FCC said in a statement. "Competition on the US-UK route will set a standard for the world."

## A tale of doubt, fear and uncertainty

Alan Cane charts the tortuous course of the merger negotiations between the two telecoms companies in the wake of MCI's warning on potential losses

Doubt, fear and uncertainty have marked the progress of British Telecommunications' plan to take over MCI ever since the US company warned six weeks ago that potential losses in its attempt to break into local telephone markets would be substantially higher than anticipated.

There was doubt that MCI was worth the premium BT was prepared to pay; fear that the terms of the deal might prove impossible to revise; and uncertainty over whether the deal would go ahead at all.

Yesterday's statement that the two companies were "having discussions concerning the economic terms of their existing merger agreement" is virtually the first since MCI flagged its warning, and it has done nothing to clear the air.

The two companies have done little to help dispel the uncertainty. BT has refused to discuss the review it is conducting of MCI's business operations. The review, masterminded by Sir Peter Bonfield, chief executive, and Robert Brace, head of operating alliances, has involved a task force of BT senior executives working in the US over the

past six weeks.

On one argument, as it has told nobody anything of consequence, it cannot be accused of misleading the market.

MCI, on the other hand, has repeatedly said that renegotiation of the terms was not an option. On the face of things, therefore, BT would seem to have forced its potential US partner to back down and accept that some renegotiation of the merger terms may be necessary if the deal is to go ahead.

Those who had been hoping the UK company would abandon the deal will have been heartened by the companies' observation that "there can be no assurance as to the outcome of the discussions". This follows several days of media reports that the deal was expected to be concluded on the original terms.

It is likely, however, that the bald words conceal a less apocalyptic outcome. Companies have a fiduciary duty to their shareholders and a legal obligation to inform the market of substantive developments.

Announcing BT's first-quarter results at the end of last month, Sir Iain Vallance, BT's chairman, made it clear that the review

would be a thorough analysis of all aspects of MCI's business, the implication being that the financial terms of the deal would be included.

There are no legal provisions for a renegotiation of the deal's terms, unless both parties agree voluntarily, or unless there is a material adverse change in the circumstance of one of the parties.

MCI has made it plain it believes no such change has occurred. BT's instigation of the review, due to be completed by the end of the month, indicates it believes, at the least, that there is cause for concern.

It follows that BT has a fiduciary duty to its shareholders to approach MCI with a view to renegotiating the terms in the light of MCI's deteriorating prospects. To fail to do so could open the company to legal action from disgruntled shareholders arguing that BT's management had failed to do all it could to secure the best deal.

Yesterday's statement, therefore, could be seen simply as concordance with market rules on dissemination of price sensitive information.

MCI could, of course, simply

refuse any form of renegotiation. It has a far-reaching reputation for litigiousness and could spend several years taking BT through the courts to defend its argument that there has been no material adverse change in its circumstances.

The US company, however, seems to have little stomach for such a battle at this time and may be prepared to accept a modest renegotiation - US analysts are suggesting a 10 per cent or so change.

Various devices could be used to expedite such a change without the need to go to shareholders a second time for approval. These could include a special dividend for BT shareholders or a share buy-back.

MCI is clearly anxious to complete the transaction with as little delay as possible. It put powerful pressure on the Federal Communications Commission, the principal US regulator, to approve the deal.

His last regulatory hurdle was passed yesterday. Reed Hundt, the FCC chairman, had already indicated the deal had his blessing. In the past few weeks, MCI executives made a number of concessions to help speed up the approvals procedures.

Critics argue, however, that MCI is anxious to conclude the deal as quickly as possible because of the deterioration of its

business - not only the increasing cost of breaking into local markets but a decline in the growth of its core long distance business.

MCI remains the second largest long distance operator in the US. Its reputation is based on the aggression and innovation with which it took market share from AT&T, the largest long distance operator in the 1980s.

But the long distance market is becoming increasingly a commodity business, marked by slow growth and low margins. Long distance calls still account for about 90 per cent of MCI's revenues.

A US analyst said yesterday: "When MCI went up for sale, we knew it was over. What we did not know was how much it was over."

One BT shareholder argued that the UK company could walk away from the deal by asking its bankers to argue that the original terms of the merger were no longer fair to shareholders.

After all, MCI will still be there in a few months. It is not going anywhere.

Others disagree. A recent report from Salomon Brothers, the US investment bank, argued that MCI's strategy "along with the BT merger" put MCI in a strong position. It and WorldCom had moved ahead of all other carriers "as a premier supplier of business voice, data, inter-intranet services on a global basis".

### PREPARING FOR EMU - THE BUSINESS PERSPECTIVE

On 10 September the FT will be holding a breakfast seminar in Cardiff hosted by Quentin Peel, Foreign Editor.

The Breakfast Seminar will examine how EMU is likely to impact business and how European companies are preparing for it.

Cost £50. Limited places are available. To confirm attendance please call Julie Arnold on 44 (0)171 873 4816 by 27 August

Future FT Breakfast Seminars on Preparing for EMU will take place in the following UK cities:

- Cardiff - 10 September
- Manchester - 16 October
- Belfast - 5 November
- Birmingham - 4 December
- Edinburgh - TBA.

In association with **DHL**

If you would like to attend any of the above please call Julie Arnold on 44 (0)171 873 4816 (PLACES ARE LIMITED).

**FINANCIAL TIMES**  
No FT, no comment.

**LORRAINE INVESTMENTS LUXEMBOURG S.A.**  
28, Blvd. Joseph II, L-1840 Luxembourg R.C. Luxembourg B 47.798

The Annual General Meeting of Shareholders of LORRAINE INVESTMENTS LUXEMBOURG S.A. will be held at the offices of the Company, Boulevard Joseph II, 28, L-1840 Luxembourg on

Monday, September 1, 1997 at 2.00 p.m.

In order to discuss the following matters:

#### AGENDA

1. Report of the Board of Directors.
2. Report of the Independent Auditor.
3. Approval of the Annual Accounts as at December 31st, 1996.
4. Allocation of Results as at December 31st, 1996.
5. Discharge to the Directors and to the Statutory Auditors.
6. Statutory elections.
7. Any other matters.

Holders of bearer share certificates have to deposit their shares no later than August 27, 1997 at Banque de Luxembourg S.A. or at any other recognized bank.

The Board of Directors

### LLOYDS INTERNATIONAL PORTFOLIO SICAV

1, rue Schiller  
L-2519 Luxembourg  
R.C. Luxembourg No B 7.635

Notice is hereby given to the Shareholders that an Extraordinary General Meeting of Shareholders of LLOYDS INTERNATIONAL PORTFOLIO will be held at the registered office in Luxembourg, 1 rue Schiller, on 10 September 1997 at 11.00 a.m. in order to resolve on the liquidation of the Fund Lloyds International Portfolio - "Warrant Fund", following the decision of the Board of Directors to submit the question of the liquidation of the Fund Lloyds International Portfolio "Warrant Fund" to the shareholders. The Board considers that the liquidation is justified by the disproportionate cost of administering and managing that fund compared with its size.

Resolutions on the agenda will require a quorum of one half of the outstanding shares and will be adopted if voted by a majority of two thirds of the shares present or represented at the Extraordinary General Meeting.

By order of the Board of Directors

**NOTICE**  
to the holders of outstanding  
U.S. \$125,000,000  
6.75 per cent. Convertible Bonds Due 2006  
(the "Bonds")



**PT Astra International Tbk**  
(the "Company")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that pursuant to a decision of the Extraordinary General Meeting of Shareholders of the Company convened on 11th June, 1997, the Company will split the nominal value of its shares from Rp. 1,000.00 per share to become Rp. 500.00 per share (the "Stock Split").

The Stock Split commences on 21st August, 1997 and ending of the shares with the nominal value of Rp. 500.00 per share will start on 1st September, 1997.

As a result of the Stock Split, the Conversion Price of the Bonds will be adjusted from Rp. 5,758.75 to Rp. 2,879.38 effective on 1st September, 1997.

22nd August, 1997

PT Astra International Tbk

### NOTICE OF CONVERSION PRICE ADJUSTMENT

To the Holders of  
**WATT MANN CO., LTD.**  
JPY3,000,000,000  
Nil Coupon Resettable Convertible  
Bonds due 2001

NOTICE IS HEREBY GIVEN that the current conversion price of JPY1,500 per share has been reset pursuant to section 5.3 of the Terms and Conditions of the Bonds, effective as of August 25, 1997 to JPY1,200 per share.

WATT MANN CO., LTD.  
By: Morgan Guaranty Trust Company of New York  
as Conversion Agent

Dated August 22, 1997



**European Investment Bank**  
ECU 500,000,000  
Floating Rate Notes  
due 2002

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 23rd February, 1998, has been fixed at 3.125% per annum. The interest accruing for each six month period will be ECU 98.49 per ECU 5,000,000.00 Notes, due on 23rd February, 1998 against presentation of Cheques No. 12.

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## Managementor.

Management page: Monday-Friday in the FT.

From personnel to production, organisation to executive training, the daily management page covers the latest on management practice and theory. It's no wonder that most managers take us under their wing.

**FINANCIAL TIMES**  
No FT, no comment.

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COMPANIES AND FINANCE: UK

# WH Smith rejected Virgin offer for unit

By Christopher Price

WH Smith, the UK retailer, has rejected a £135m (£220m) offer from Virgin Group to take full control of the Virgin/Our Price record chain.

Richard Branson's private company already owns 25 per cent of the joint-venture formed in 1994.

News of the offer comes just days after Smith confirmed that several large investors had asked it to consider a break-up, a move which would involve the sale of some of the UK's best-known brands, including Waterstone's, and its high street chain.

The disclosure will also put further pressure on Smith's management. The group, which has still to appoint a new chief executive, is due to report final results on Wednesday.

Virgin's offer for Smith's stake is understood to have been made three months ago.

In a letter to Bill Cockburn, chief executive of Smith who resigned in June, it is understood that Mr Cockburn rejected the offer as inadequate.

But analysts yesterday expressed surprise given that most brokers' valuations of the record business fall short of the Virgin offer. "Our Price is a dull business in a terrible market," said one who valued Smith's shareholding at little more than £100m. "Cockburn should have sold."

Virgin/Our Price was formed in June 1994, when Smith's record chain was merged with Virgin's music retailing business.

Last year, the division made operating profits of £16m on sales of £444m. However, amid the competitive market conditions, analysts are forecasting profits to fall to about £12m.

The division's 53 Virgin stores and 262 Our Price out-

lets accounted for 14 per cent of group profits in 1996.

One reason Mr Cockburn is likely to have rejected the Virgin offer is that Smith has an option to buy Virgin's stake in 1999 at a price equal to nine times the division's earnings.

Analysts estimate this would bring the value of the business down from Virgin's £150m for the entire business to about £130m.

Meanwhile, all the candidates for the chief executive post - four internal and five external - have been interviewed and the company's nominations committee is drawing up a short list.

However, the issue has been further clouded by internal wranglings, with one senior director canvassing a break-up of the company as part of his campaign to get the top slot.

Both Smith and Virgin refused to comment yesterday.

# Sluggish Speed 2 dents Fox films

Christopher Parkes takes stock of a disappointing year for News Corp's movie maker

When News Corporation's end-of-year numbers came up this week, they showed once again how bold bets do not necessarily spell big returns in the grand lottery of the film market.

A fourth-quarter loss at the film studios of \$814m (\$104m) reflecting the crash-and-burn box office performance of *Speed 2: Cruise Control* and *Volcano* - left 20th Century Fox's full-year profits 8 per cent adrift of the 1996 outcome.

The results were all the more disappointing in the light of a 35 per cent leap in annual revenues, thanks to successes with *Independence Day*, the rerelease of the *Star Wars* trilogy and the relatively low-budget *Romeo and Juliet*.

Despite releasing 13 films in the first seven months of the current year, compared

## Box office gross

Studio	1997	1996
20th Century Fox	596	323
Warner Bros	595	763
Universal	516	383
Fox	431	475
Walt Disney	398	545
Paramount	383	359
New Line	242	118
Miramax	220	130
MGM	30	259

\* Figures in \$m for calendar year from Jan 1 to August 3

Source: Variety

with nine in 1996, Fox has seen its share of US box office takings slip 2 percentage points to 11.3 per cent.

*Volcano* suffered in part because Universal's eruptive epic, *Dante's Peak*, was released a few weeks earlier and apparently sated the audience's appetite for lava.

*Speed 2*, which is estimated to have lost about \$70m, was swept away in the early summer rush of releases which included *The Lost World*, *Batman & Robin*, *Con Air* and *My Best Friend's Wedding*.

For the rest of this year, Fox is hoping to score up a profit from a Sigourney Weaver sequel, *Alien Resurrection*, its first stab at feature-length animation; and *Titanic*, the most expensive film on record.

With more than \$200m invested in production or earmarked for spending on marketing, Fox and Paramount, its production partner, face an extraordinary challenge.

Merely to break even, according to the industry's rough guide to profitability,



Action stations: *Speed 2* is estimated to have lost 20th Century Fox about \$70m

*Titanic* will have to take \$400m at the US box office during a run scheduled to start just before Christmas.

This is as much as *Air Force One* and *Men in Black* - the summer season's two biggest hits - have earned together. It is significantly more than the \$306m that *Independence Day* grossed at the US box office.

But while Fox executives will be glad to see the back of 1997, they can draw some

consolation from the fact that contrary to most predictions of a bloodbath, the US summer season can be judged a success for the industry at large.

US cinema ticket sales for the year so far are 8 per cent up on 1996 - even though no film has come close to matching *Independence Day*'s record-breaking take of last year. A record 10 summer releases have exceeded or are set to top \$100m.

Although overblown budgets remain a concern, the market has grown against all expectations, and despite its recent disappointments, Fox is still ranked fourth in terms of share.

The Japanese-owned Sony Pictures, one of Hollywood's most consistent also-rans, is current league leader, with films that have grossed more than \$900m this year - almost three times the previous year.

## RESULTS

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Abstract Lloyd's	60.7	(64.3)	3.87	(1.3)	Oct 7	2.02	8	3.57
Brighton	6	(10.2)	0.527	(0.405)	Dec 1	-	-	0.5
CPA	2.7	(1.75)	0.252	(0.028)	-	-	-	1.1
Charles (T)	25.2	(25.6)	1.1	(0.58)	Sept 15	1.628	-	4.884
Clonidine	183.9	(133.1)	11	(8.93)	Oct 10	2.396	-	6.6
Hallcar	6	(-)	802	(849)	-	-	-	-
Johnson Fry	14.1	(17.1)	4.719	(1.49)	Nov 28	2	-	4
Quanta	32.6	(30.9)	0.521	(0.58)	Oct 24	2.2	-	5
Water Technology	17	(17.1)	3.64	(4.67)	Oct 1	2.25	-	-
Whitney & Lundy	3.33	(2.49)	0.109	(0.16)	-	-	-	-
Investment Trusts	NAV (£)	Attributable Earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Dunelm Ltd Growth	186	(170)	5.03	(5.98)	Sept 29	1.91	-	5.78
Engleth & Scotland	203.3	(181.94)	3.73	(5.62)	Oct 16	0.95	-	3
Suez	61.3	(62.7)	0.549	(0.589)	Oct 30	0.33	-	1.5
US Options Inc	117.07	(-)	0.83	(-)	-	-	-	-
Skim Software	107	(189)	0.174	(0.108)	-	-	-	0.4

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. \* Comparative restated. □ Gross premiums written. £ Irish currency. \* After exceptional charge. \* After exceptional credit. † Increased capital. ‡ Reduced capital. § Pro forma. ¶ A1m stock. \* After adjustment for scrip issue. † A1 January 31.

# Maid considering US buy

By Krishna Guha

Maid, the business information company, yesterday confirmed it was in exclusive talks to buy Knight Ridder Information, a subsidiary of the Miami-based publisher. If the purchase came off, it would double Maid's size.

Michael Mander, chairman of Maid, said the proposed deal would "give us the potential to go right to the top" of the business information market. An announcement would be made "in a matter of weeks".

Mr Mander admitted the move was "ambitious". Maid's market capitalisation, about £220m (£360m), is less than the price tag on Knight Ridder's information division - believed to be more than \$500m.

Last year, Maid's turnover was only £21m - compared with Knight Ridder's £285m sales. While Maid is growing fast - turnover is forecast to double this year - it made an operating loss of £1.7m in the six months to June.

Mr Mander said there was a "clear logic" to the deal. It would marry Knight Ridder's huge database with Maid's high technology distribution - including the ability to deliver business data over the internet.

"Our strengths and weaknesses dovetail perfectly," he said.

Maid would view the acquisition as "a merger rather than a takeover," he said. Existing Knight Ridder executives would take senior positions in the new group.

Analysts voiced concern that Maid had bitten off

more than it could chew.

"There is a danger that Knight Ridder will swamp Maid's dynamic culture," said Keith Woolcock, technology analyst at Merrill Lynch. But he said investors were waiting for Dan Wanger, Maid's chief executive, to pull off a big deal of this kind.

Mr Mander said the acquisition would be financed with "more debt than equity" to ensure it is "earnings enhancing in the first full year".

The company hopes to use Knight Ridder Information to win critical mass in the US - the world's biggest market for business information and the biggest internet market by far.

It also hopes to expand in Japan and in continental Europe.

# Halifax seeking acquisitions

By Christopher Brown-Humes

Halifax, which became an £18m (£290m) bank in June, said yesterday it had £3.5bn of surplus capital and was looking for acquisitions to support diversification.

The group, which reported an 8.5 per cent rise in interim pre-tax profits to £302m, said purchases would speed up plans to develop its non-mortgage and savings operations.

It aims to derive one-third of earnings from non-traditional areas, such as banking, consumer credit and insurance, in four to five years time, compared with 25 per cent today. After 10

years, it wants 50 per cent of profits from the newer areas.

Mike Blackburn, chief executive, said high prices for financial services groups could thwart its acquisition plans. "But we have no philosophical hang-ups about returning capital to shareholders," he stated.

Analysts believe the group would most like to expand its life insurance and fund management businesses, building on its £200m purchase of Clerical Medical last year. This would enable it to exploit the fast-growing long-term savings market at a time when the mortgage market is relatively mature.

But some analysts believe the society could go for

another building society - without attracting competition concerns - because of the large cost savings it could make. It is the country's leading lender with 20 per cent of the market.

Analysts say the group may have only six months to make an acquisition before it comes under intense pressure to return money to shareholders, possibly by way of a special dividend.

Robin Down, bank analyst at ABN Amro Hoare Govett, said: "The longer they wait to do something, the more desperate they will get to come up with a wonder deal, and the more worried the market will get that they will overpay."

# Marks and Spencer expands in Germany

Marks and Spencer yesterday announced plans to step up its expansion in Germany with the opening of three stores, scheduled for autumn next year.

The move follows the opening of the retailer's first outlet in Germany, in Cologne, last October.

The three stores, in Dortmund, Essen and Wuppertal, will take M&S's total space in the country above 200,000 sq ft.

Keith Oates, the deputy chairman, said the expansion "brings greater scale to our German business and takes us another step closer to our goal of being a leading international retailer."

He added: "The stores are in first-class locations in key towns of the Rhine-Ruhr area, facilitating their integration into our existing distribution network."

M&S's original research into Germany identified

Rhine-Ruhr as an important target in its drive to establish itself in Europe's largest market.

The company will take possession of the stores, which are currently operated by Cramer and Meerman, next March. They range in size from 40,000 sq ft to 60,000 sq ft and will stock clothing, home furnishings and food.

Derek Hayes, executive director responsible for continental Europe and the Middle East, said the company had been "delighted" with the response from the people of Cologne to its formula.

M&S has a total of more than 1.5m sq ft of space across 36 wholly owned and 55 franchised stores in Europe, excluding the UK.

In the last full year the company made pre-tax profits of £38m (£62m) in continental Europe on turnover of £552m.

# Corporate Services in French deal

Corporate Services Group, which supplies contract labour and training services, is expanding its employment services division, with the acquisition of Regie Inter Finance for up to FF250m (\$40.4m).

RIF is one of the largest suppliers of temporary employees to a blue chip client base in the French industrial and technical sector. The company has 65 branches in France and 3 in Spain. In 1996 pre-tax profits, after owner's drawings, were FF18.1m on revenues of FF666m.

The initial price of FF200m will be met by the issue of 10.61m new ordinary shares in CSG, of which 5.36m have been placed on behalf of the vendor at 189p each. In addition, a cash placing of 2.64m new shares at the same price will raise some £5m.

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American Phoenix Investment Portfolios (A)			Foreign & Colonial Portfolios (F)			Morgan Stanley Global - Const.			ACM Offshore Funds - Const.			Credit Investment Funds - Const.			Merrill Lynch Asset Management - Const.			TCW Luxembourg Funds			Phoenix International Ltd		
Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price
American Phoenix Fund	US000000	100.00	Foreign & Colonial Fund	US000000	100.00	Morgan Stanley Global	US000000	100.00	ACM Offshore Fund	US000000	100.00	Credit Investment Fund	US000000	100.00	Merrill Lynch Asset Management	US000000	100.00	TCW Luxembourg Fund	US000000	100.00	Phoenix International Ltd	US000000	100.00
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### CHEMICALS - Cont.

**ENGINEERING - Cont.****EXTRACTIVE INDUSTRIES - Cont.**

## INVESTMENT TRUSTS

### INVESTMENT TRUSTS - Cont

[illegible]

PE		Miles	Price	50 week	Mid	Yr
12.3	Reiner	14	100	115	100	4
12.4	Reiner	14	122	115	100	4
12.5	Reiner	14	122	115	100	4
12.6	Reiner	14	122	115	100	4
12.7	Reiner	14	122	115	100	4
12.8	Reiner	14	122	115	100	4
12.9	Reiner	14	122	115	100	4
13.0	Reiner	14	122	115	100	4
13.1	Reiner	14	122	115	100	4
13.2	Reiner	14	122	115	100	4
13.3	Reiner	14	122	115	100	4
13.4	Reiner	14	122	115	100	4
13.5	Reiner	14	122	115	100	4
13.6	Reiner	14	122	115	100	4
13.7	Reiner	14	122	115	100	4
13.8	Reiner	14	122	115	100	4
13.9	Reiner	14	122	115	100	4
14.0	Reiner	14	122	115	100	4
14.1	Reiner	14	122	115	100	4
14.2	Reiner	14	122	115	100	4
14.3	Reiner	14	122	115	100	4
14.4	Reiner	14	122	115	100	4
14.5	Reiner	14	122	115	100	4
14.6	Reiner	14	122	115	100	4
14.7	Reiner	14	122	115	100	4
14.8	Reiner	14	122	115	100	4
14.9	Reiner	14	122	115	100	4
15.0	Reiner	14	122	115	100	4

[illegible]

Rank	Yr	De
low	Gr%	Per%
222	2.0	242.0
34	-	474.4
340	8.1	-
338	2.7	512.9
65	0.7	135.0
181	-	-
333	1.0	632.3
156	-	-
65	0.5	118.9
13	0.0	0.0

## BANKS, RETAIL

Y2	Y1	RE
10	10	213
10	10	135
10	10	155
10	10	129
10	10	179
10	10	155
10	10	178
10	10	134
10	10	170
10	10	175
10	10	243
10	10	218
10	10	260
10	10	155
10	10	177
10	10	181
10	10	121
10	10	173

## DISTRIBUTORS

PO	NAME	GRADE	DATE	TIME	SCORE	PERCENT
10	John H. H. H.	10	10/10/10	10:10	100	100
11	John H. H. H.	11	11/11/11	11:11	110	110
12	John H. H. H.	12	12/12/12	12:12	120	120
13	John H. H. H.	13	13/13/13	13:13	130	130
14	John H. H. H.	14	14/14/14	14:14	140	140
15	John H. H. H.	15	15/15/15	15:15	150	150
16	John H. H. H.	16	16/16/16	16:16	160	160
17	John H. H. H.	17	17/17/17	17:17	170	170
18	John H. H. H.	18	18/18/18	18:18	180	180
19	John H. H. H.	19	19/19/19	19:19	190	190
20	John H. H. H.	20	20/20/20	20:20	200	200
21	John H. H. H.	21	21/21/21	21:21	210	210
22	John H. H. H.	22	22/22/22	22:22	220	220
23	John H. H. H.	23	23/23/23	23:23	230	230
24	John H. H. H.	24	24/24/24	24:24	240	240
25	John H. H. H.	25	25/25/25	25:25	250	250
26	John H. H. H.	26	26/26/26	26:26	260	260
27	John H. H. H.	27	27/27/27	27:27	270	270
28	John H. H. H.	28	28/28/28	28:28	280	280
29	John H. H. H.	29	29/29/29	29:29	290	290
30	John H. H. H.	30	30/30/30	30:30	300	300
31	John H. H. H.	31	31/31/31	31:31	310	310
32	John H. H. H.	32	32/32/32	32:32	320	320
33	John H. H. H.	33	33/33/33	33:33	330	330
34	John H. H. H.	34	34/34/34	34:34	340	340
35	John H. H. H.	35	35/35/35	35:35	350	350
36	John H. H. H.	36	36/36/36	36:36	360	360
37	John H. H. H.	37	37/37/37	37:37	370	370
38	John H. H. H.	38	38/38/38	38:38	380	380
39	John H. H. H.	39	39/39/39	39:39	390	390
40	John H. H. H.	40	40/40/40	40:40	400	400
41	John H. H. H.	41	41/41/41	41:41	410	410
42	John H. H. H.	42	42/42/42	42:42	420	420
43	John H. H. H.	43	43/43/43	43:43	430	430
44	John H. H. H.	44	44/44/44	44:44	440	440
45	John H. H. H.	45	45/45/45	45:45	450	450
46	John H. H. H.	46	46/46/46	46:46	460	460
47	John H. H. H.	47	47/47/47	47:47	470	470
48	John H. H. H.	48	48/48/48	48:48	480	480
49	John H. H. H.	49	49/49/49	49:49	490	490
50	John H. H. H.	50	50/50/50	50:50	500	500

## BREWRIES, PUBS & REST

PE	155	153	152	151	150	149	148	147	146	145	144	143	142	141	140	139	138	137	136	135	134	133	132	131	130	129	128	127	126	125	124	123	122	121	120	119	118	117	116	115	114	113	112	111	110	109	108	107	106	105	104	103	102	101	100	99	98	97	96	95	94	93	92	91	90	89	88	87	86	85	84	83	82	81	80	79	78	77	76	75	74	73	72	71	70	69	68	67	66	65	64	63	62	61	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
155	153	152	151	150	149	148	147	146	145	144	143	142	141	140	139	138	137	136	135	134	133	132	131	130	129	128	127	126	125	124	123	122	121	120	119	118	117	116	115	114	113	112	111	110	109	108	107	106	105	104	103	102	101	100	99	98	97	96	95	94	93	92	91	90	89	88	87	86	85	84	83	82	81	80	79	78	77	76	75	74	73	72	71	70	69	68	67	66	65	64	63	62	61	60	59	58	57	56	55	54	53	52	51	50	49	48	47	46	45	44	43	42	41	40	39	38	37	36	35	34	33	32	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0	

[illegible]

## BUILDING & CONSTRUCTION

[illegible]

## DIVERSIFIED INDUSTRIALS

[illegible]

	Notes	Price
15.0		
12.5		
10.0		

[illegible]

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[illegible]

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## ENGINEERING, VEHICLES

[illegible]

## HEALTH CARE - Cont.

[illegible]

## HOUSEHOLD GOODS

[illegible]

## INSURANCE

[illegible]

## CHEMICALS

	Notes	Price	52 week	High	Low	Volume	Market
30-01-01	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-02	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-03	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-04	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-05	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-06	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-07	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-08	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-09	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-10	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-11	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-12	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-13	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-14	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-15	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-16	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-17	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-18	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-19	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-20	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-21	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-22	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-23	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-24	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-25	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-26	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-27	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-28	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-29	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-30	1000	100.00	100.00	100.00	100.00	100.00	100.00
30-01-31	1000	100.00	100.00	100.00	100.00	100.00	100.00

## ENGINEERING

[illegible]





Highs & Lows shown on a 52 week basis.

# WORLD STOCK MARKETS

EUROPE									
Index	High	Low	52 Week High	52 Week Low	Change	Vol	Index	High	Low
Austria (Aug 21 / VSE)									
Index	12,100	12,050	12,100	11,800	+50	1,200	Index	12,100	12,050
Belgium (Aug 21 / Euronext)									
Index	3,400	3,350	3,400	3,200	+50	1,200	Index	3,400	3,350
Denmark (Aug 21 / OMX)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
France (Aug 21 / CAC)									
Index	3,400	3,350	3,400	3,200	+50	1,200	Index	3,400	3,350
Germany (Aug 21 / DAX)									
Index	3,400	3,350	3,400	3,200	+50	1,200	Index	3,400	3,350
Greece (Aug 21 / ASE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Ireland (Aug 21 / SEAI)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Italy (Aug 21 / ISE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Japan (Aug 21 / Nikkei)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Netherlands (Aug 21 / AEX)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Norway (Aug 21 / OBX)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Portugal (Aug 21 / BVL)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Spain (Aug 21 / IBEX)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Sweden (Aug 21 / OMX)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Switzerland (Aug 21 / SMI)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Turkey (Aug 21 / BIST)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
UK (Aug 21 / FTSE 100)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150

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AFRICA									
Index	High	Low	52 Week High	52 Week Low	Change	Vol	Index	High	Low
South Africa (Aug 21 / JSE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Egypt (Aug 21 / EGX)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Kenya (Aug 21 / NSE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Morocco (Aug 21 / BSE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Nigeria (Aug 21 / NSE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Tanzania (Aug 21 / DSE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Zimbabwe (Aug 21 / ZSE)									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150

INDICES									
Index	High	Low	52 Week High	52 Week Low	Change	Vol	Index	High	Low
Asia									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Latin America									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Middle East									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Oceania									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Russia									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
South America									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Europe									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
Japan									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
UK									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
US									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150

US INDICES									
Index	High	Low	52 Week High	52 Week Low	Change	Vol	Index	High	Low
Dow Jones									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
S&P 500									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
NASDAQ									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
NYSE									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
NYSE Composite									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
NYSE Midcap									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150
NYSE Smallcap									
Index	1,200	1,150	1,200	1,100	+50	1,200	Index	1,200	1,150

SW



